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The ANTIOCH REVIEW

"Why should there not be a patient confidence in the ultimate justice of the people? Is there any better or equal hope in the world?"

—ABRAHAM LINCOLN.

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EDITORIAL

THE MOST ARRESTING DEVELOPMENT of the last quarter has been the demonstrated morale of the Russian people. For the first time in this war the Nazi hordes have met a well-equipped land power whose people believed in the cause for which they were fighting. The result has been a severe check to the Hitler armies, whatever the ultimate outcome of the struggle in the east. Of course, the Russian leadership may still make a new deal with Hitler though that becomes daily less probable. In the meantime, an answer has been found to the technique of divide and rule and for the past three months the Germans have had to pay for their advances. This has been distressing to the Germans and has also confounded our self-designated experts on Soviet affairs, dramatically underscoring both their ignorance and their prejudice. Which is all to the good. Interested publicists played a sinister role in the downfall of France and it is well that our Lindberghs, Lyons', and Sokolskys should be discredited in advance. That they were wrong in respect to Russia should lead us to question their conclusions about other nations, including Germany or the United States.

In striking contrast to Russian morale is the situation in this country. We have now entered the shooting phase of the war and we are woefully unprepared, both materially and psychologically, for the grim adventure ahead. The situation is critical in all of the following respects:

1. *Production of war materials.* This has lagged far behind original schedules. The world's greatest industrial nation has thus far failed to achieve anything like full production. Despite the appropriation of $7,000,000,000 nearly six months ago for lend-lease purposes, American exports to the British Empire are but slightly higher today than they were last year. We have thus far made only token deliveries of tanks and planes,

despite the publicity which has attended the process. We are inadequately armed ourselves in respect to almost every type of ordnance and we shall be unable to give any material aid to the Russians for many months. In the meantime, the war goes on.

2. *Operation of the priorities system.* Organization and planning for the war effort have been so seriously bungled by the business executives in the O.P.M. that we now face a major economic crisis in the midst of the war boom. Unemployment is increasing at an alarming rate as a result of raw material shortages in consumer goods industries, while prices continue to soar. A certain amount of dislocation is inescapable in the transition to a war economy, but much of the present chaos was unnecessary. It had its origins in the government's failure to break monopolies in crucial raw materials, or to impose strict production quotas on basic industries. The reasons for such failures have been brilliantly exposed in a recent book by I. F. Stone, *Business as Usual: the First Year of Defense.* They are to be discovered largely in the reluctance of strategically placed dollar-a-year men to interfere with business as usual and in the attitudes of a dominant sector of the business community.

3. *Inadequacy of price controls.* British experience has long demonstrated the necessity for extensive governmental control over prices in a war economy. As this is written, Congress is considering a request from Mr. Leon Henderson for adequate power in this respect, while the well-known patrioteer, Martin Dies, is muddying the waters as usual by accusing Mr. Henderson of having favored the Spanish Loyalists in 1937. Which, of course, is a serious offense in the eyes of Mr. Dies and those for whom he speaks. Yet we may be permitted to doubt that it disqualifies an able administrator in a nation committed to the defense of democracy. In any event, rigid control over prices should have been instituted months ago.

4. *Army morale.* The notable lack of enthusiasm of the draftees for the Army has been widely observed. There have even been rumors that some of the boys suspect that the Army hasn't heard about the United States being a democracy. At any rate, the well-known limitations of the military mind have been clearly mirrored in the training program and that fact, more than any other, explains the present state of affairs. The truth is that professional soldiers are not competent to train a citizen army. Long contact with an organization as resistant to innovation as the

American Army has been does not foster the type of creative imagination essential to an adequate training program. What is clearly indicated, as we have previously urged, is a transfer to civilian hands of the nontechnical aspects of soldier education. In this respect we can take a leaf from Russian experience. We, too, need an officer like the political commissar whose task would be not only to instruct the draftees in the principles of democracy and the implications of the present struggle, but to enlighten some of the brass hats as well. We cannot safely trust the Army with the nation's political concepts.

5. *Civilian morale.* This is the crux of the problem. The country is apathetic and divided at a time when unified effort is urgently required. This is not due, fundamentally, to the actions of the Wheelers and Lindberghs, although the ex-colonel's resort to anti-Semitism in his Des Moines speech is sufficiently sinister. But the basic difficulty lies deeper. It is the suspicion of the common man that this may not be, after all, his war. That suspicion is fostered by the tortuous course of the appeasers in the State Department; by the patent unwillingness of the nation's industrial leaders to sacrifice profits to the national welfare; by the failure of the administration to speak in positive terms about future social gains; by the enactment of a tax bill which presses most heavily upon the lower income groups; by the labor-baiting activities of the Federal Bureau of Investigation which, under cover of the emergency, promises to become an American Gestapo; by the whole structure of unequal sacrifice upon which the war effort so far rests.

This is the difficulty which underlies all of the others. We are trying to base a war for democracy on the apex of a triangle of privilege. The foundation is unstable and everybody knows it. For this war can be won only with the whole-hearted support of the common man and he demands as a condition of that support the universal application of the principle of equality of sacrifice. Unless we recognize this fact and act upon it we are headed for disaster.

IF WE OWN THE FUTURE

By MAX LERNER

THE "PARALYZING ABSTRACTIONS" ABOUT WAR, for which Justice Frankfurter has found the right phrase, are almost equalled by the abstractions about the peace after the war. Some people cling prayerfully to the conviction that any peace, no matter under whose auspices or at what price or how badly planned, must be somehow good. Others feel that the world will have been desolated by war beyond reconstruction, and that no sooner is the cycle of depression, reaction, and war ended than it is begun again. Both generalizations express a desperate insecurity. They bring to mind A. E. Housman's comment about the scholars who prepare editions of classical manuscripts and who "use their texts as a drunkard uses a lamp-post: not to light him on his way, but to dissimulate his instability."

Even in this dark period of the war, with the Germans near Leningrad and the Ukraine half-overrun, with all of central and western Europe under Nazi exploitation, and with America still unable, like a bound Gulliver, to shake itself free and rise to its war strength, we can without fantasy glimpse some perspectives of a viable peace. We can assert that a substantial measure of reconstruction is possible provided we do not promise more than we can accomplish. But we must see also that the postwar period will be as arduous in its way as the war period, and that it will require fully as much along the lines of a new technology as the war period—only this time it must be a technology of economic and political invention, and not of death.

That is, if we have a postwar period. It is not defeatism to envisage the real possibility of a German victory. If the Nazis should win it will be not our postwar plans but Hitler's that will be relevant. The answer to the question, "Who owns the future?" must thus condition all thinking about the peace. If the Nazis do, the role of America—whether or not we have taken part in the war itself—will be that of a satrapy rich for despoilment by a monopoly world-state. The conditions of conscience and intellect, the loci of power, the living standards and cultural norms in such a satrapy need no underlining.

But if we own the future our planning for the peace takes on reality. And as I write we have a good fighting chance to own the future. It is now the beginning of the third year of the war. The Nazi invasion of Russia, so fiercely resisted and thus far with an almost unconjectured efficiency and determination, has brought the war to a new phase. For the first time since the collapse of France the conditions exist for creating a two-front war, although except in the air they have not yet been taken advantage of. For the first time Nazi military casualties have been enormous, the powerful Nazi machine has bogged down in Russian mud and morale, and Hitler has had to make use of his fullest resources. For the first time it is possible to think of gaining a continental foothold for a land war against the Nazis in conjunction with the air, sea, and ideological war. And, what is much more directly relevant from the standpoint of this paper, the ideological unity that existed in anti-Nazi circles before Munich can now be reachieved, and Russia brought back, as England has been brought back, as a responsible partner in international organization. To have America, the British Commonwealth, Russia, and China acting together in the war is of not negligible importance in building an ideological consensus broad and strong enough to carry the burden of a peace settlement.

II

In working toward such a settlement, the first essential is an immediate offensive, both military and ideological, under American leadership. As for military action, it is impossible to predict when we shall find release from the expeditionary-force taboo that has paralyzed our potential effectiveness in war. But an ideological offensive is more possible. I am not now referring to the much mooted question of a statement of war aims or peace terms. It is possible to claim too much for the effects of such a statement in itself, and to be either deluded by its too facile verbalisms, as in the case of the Wilsonian credo of the last war, or diverted into fruitless quarrels over territorial settlements and the status of colonies and minorities. Apart from the dramatic character of the meeting of Roosevelt and Churchill on the high seas, the actual eight-point declaration they agreed on has thus far proved something of a dud. I am thinking rather of a different sort of offensive: for America to show by example that democracies are capable of a decisiveness of will and action in war, and

to give by word and deed a picture of a not impossible new world that a democratic people envisages after the war.

Thus far we have done the first in only a middling fashion and the second hardly at all. There are those who start with the premise that democracy as a system is inherently incapable of either. But even among others there is a tendency to fall back for an explanation of our failure upon a mystical theory of democratic paralysis of will, generally accompanied by an apocalyptic vision of an inevitable world imperium that will supplant democracy. It is hard to analyze mysticism or argue with the apocalypse. I am skeptical that it could be shown, despite Spengler's volumes or Toynbee's or Berdayev's, that any period of history or any people was richer or thinner in some inherent will-stuff. Paralysis of will is a reality to be reckoned with: but it is much more likely to be the result than the cause of social institutions. The real problem of the failure of will lies in the blocking of communal action by group fears and cupidities, as has been shown in the case of the men of Munich and the men of Vichy. The real problem of the success of will lies, as Graham Wallas long ago pointed out, in an effective communal organization of it.

The matter is worth some elaboration if we are to be clear about the conditions of an ideological offensive. Group interests and habituations are today responsible for much of the failure of the American will. The American financial and management groups have shown will enough and planfulness enough in their own narrow grooves, but thus far they have for the most part been unable to redirect either will or planning into broader channels. They are fearful of the war because they have learned that drastic social changes come in the wake of wars. They are fearful of war production because to be successful it involves the expansion of productive capacity, and they do not see how there will be postwar markets for that expanded capacity without a redistribution of income to make higher living standards possible. They sense that a successful war economic effort involves the dynamiting of the blockages that their monopoly position has thus far interposed against maximum production. To be caught in a dilemma means to be paralyzed in will. And the business groups are caught in a dilemma: they are fearful of losing the war to the Nazis because they know that Hitler's world has no room for the individual entrepreneur and room for monopolies only if they are Nazi monopolies; but they are also fearful of winning the war because it would mean that they

would shoulder unaccustomed functions and burdens in an unpredictable social order.

The labor groups are not very much better situated. They too are the prisoners of their habits of action and thought. Their perspective in action has rarely gone beyond their shop and union and only in a few instances beyond their industry. Their perspective in thought has been until recently summed up in the simple axiom that if we will only take care of American domestic affairs, our foreign affairs will take care of themselves. In the last months an increasing number of them have been jolted by events into abandoning this insularity. I pick industry and labor because of their power and because they form relatively homogeneous political forces. What is true of them is even more true of agrarian thought and of the middle class. If the American Congress is today at all representative of the middle-class mentality, then its ignorance of world realities is kin to its ignorance of our own economic environment and fear of change.

I cannot leave this part of the analysis without a word about the progressive tradition. The progressives have in the past formed the spearhead of the attack on *laissez faire* in domestic policy; yet they have also as much as any other group fallen victim to a strain of thought in foreign policy which in its way runs parallel to *laissez faire*. It is a strain that cannot be described merely as isolationism, but is rather a belief that a world role for America, however desirable, is from the start doomed as the sheerest adventurism. The progressive tradition has been guilty of a fatal neglect of world perspectives, of military technology, of world economics and power politics. Among its first-rate thinkers I count a few striking exceptions: Veblen, notably in the far ranging scope of his institutional comparisons and in the startling prevision of German fascism contained in *Imperial Germany and the Industrial Revolution;* Brooks Adams, who was—as Matthew Josephson has pointed out in *The President Makers*—one of the intellectual fathers of Theodore Roosevelt's foreign policy, but who also saw things never dreamt of in T.R.'s philosophy; Justice Holmes (accepted in liberal circles, although more a conservative than a progressive), with his blending of martial and humanist values; Lincoln Steffens, who started the hegira of American intellectuals to Moscow, muckraked Europe as well as America, made revolutions and wars his stamping ground, and fathered the genre of the war correspondent's

autobiography; and, of course, although not perhaps a first-rate intellectual figure, Woodrow Wilson.

What is required for an ideological offensive, then, is something more than a flagellant exhortation to ourselves to undertake it. There must first be a shift of emphasis in our own thinking—a shift that we may not make until it is forced on us by a present catastrophe of our cause. This means a new realism in financial, managerial, labor, and middle-class groups alike, subjecting their group interests to an overriding national interest which they see as depending on decisive action and conviction on an international plane. It means some solution of the persistent problem of ideological blockage by a powerful minority strategically placed in the opinion industries. It means a greater decisiveness in the administrative and policy-making agencies of the government, particularly in the State Department. It means a more daring leadership on the part of the President, which is not confined to verbalisms and gestures, important as they are.

It means also the further development of a nucleus which already exists for intellectual direction on the international plane. I am thinking here of the remarkable instances we have of the genus foreign correspondent, whose illusions on foreign affairs were shorter-lived than those of other people because they were subject to an occupational therapy they could not escape; of some government administrators who have understood the meaning of economic strategy in totalitarian war; of a few editors and even a handful of professors who have been lifted by the occasion to the plane of militant eloquence; of an honorable roster of men of letters who have discovered that literature has social roots and responsibilities; of a sprinkling of columnists and radio commentators; of a handful of social thinkers who have seen that the development of technology has burst social forms and institutions all over the world and that America is not exempt; and finally of a small group of political refugees who have learned their lessons in the bitter school of dictators and who are of incalculable importance not only in bringing to us the chastening experience of Europe, but even more in serving as a bridge over which in turn our influence can be directed toward the liberation of their enslaved peoples.

Even among some of these groups, precisely because they have required hardness and sophistication of thinking, there is a tendency toward

ideological weariness. Dorothy Thompson, for example, who has shown a more sustained if erratic sense of awareness than most of her craft, writes in a recent column headed "Now Is the Time" and containing a crisp call to American action, "Ideologies are not important in this moment. The ideology that wins the war will rule the world." One can agree with the second sentence without accepting the first. In fact, one could invert the second sentence and reach a truer first sentence: that the ideology that rules men's minds today all over the world will win the war.

That sets the task for the thinkers, publicists, administrators who must be the staff officers in the ideological offensive. I can understand why they should today be showing some signs of weariness. The obstacles and frustrations are immense. We call for opposition to Nazism all over the world, yet we set an example ourselves of cautious and interested watchful waiting. We preach resistance and practice appeasement. We hope for rebellion in the subject countries of Europe without creating conditions for it by decisive action and by deliberate and planned use of the short wave and other instruments of idea-warfare. We train an army in ways of fighting without providing for the educational effort that will make them know what they are fighting for. It almost seems that it is the wrong people—those not in power—who have the right ideas, while the right people—those in power—have either no ideas or all of them with a fine impartiality. But that means merely that the war of ideas, like all wars, requires resource and strength and patience.

But on the assumption that we can stir ourselves to leadership, what is the armory of ideas that we require for this war? Quite summarily these: that democracy has in it untapped strength and unused expansibility, both in waging a war and in reconstructing society afterward; that the peace must be approached in the spirit neither of vengefulness nor forgiveness, but of determined planning for more feasible ways of running a world; that economic settlements are required fully as much as political; that there must be substantial steps toward a world federal structure of some sort; and above all that we do have a picture of a new world to guide those who are fighting and hearten those who are enslaved.

III

What sort of picture, and what chance has it of becoming reality? The beginning of wisdom here is to understand that there are at once

imperatives and permissives in world change. Without the smugness that goes with the belief that whatever has been must be, or the delusion that we can effect whatever we have willed, we must be wary of the uses to which the myth of inevitability is being put against a democratic future. There are American intellectuals who seem to have studied the social myth in Sorel and Hitler, and learned for propaganda purposes the hypnotic effect of the persistent theme of the "doomed cause." We must understand that the future is at once limited and, within those limits, richly variable.

Let me take first as an instance the economic structure of the postwar world. I do so mainly because the problems of economic reconstruction are the most difficult of all and condition the solutions in the other areas. It is not necessary here to premise a rigorous determinism that technology exercises over economic forms. Technology, both of industry and warfare, has been, to be sure, the prime mover in the present world revolutionary upheaval: Hitler's legions have merely given a particular historical twist to that upheaval. And it is true that the levels of industrial technology and energy-supply that are within the world's reach are such as to make new types of economic organization at once possible and necessary for reasonably full exploitation of our resources. Nevertheless the only imperatives are those of integration, planning, maximum utilization. What will be the modes of integration, the techniques and purposes of maximum utilization, the auspices under which planning is carried out, will depend upon the polity that controls the world and the ethos that informs it. Politics and ethics are thus, within a framework set by technology, creative forces which have an effect even upon economic forms.

Is it true that the present economic organization of the world's resources, trade, and finance is doomed and must give way to drastically new procedures? The thesis is by now familiar: that the world economy has been organized around the norms of international access to the exploitation of resources in backward areas, the international gold standard, international finance, the international division of labor, and organization of the world market by competition and cartels; that in this scheme England has had a position of dominance since the eighteenth century, although more recently America has at some points supplemented and at others replaced it; that England has owed its dominance to getting the jump in industrialization, and to its position as a carrying and investing

nation and as a colonial power; that with the diffusion of industrialism England has lost the advantage of its early start, and with the growth of economic nationalism its functions not only as manufacturing center but also as carrier and investor have been on the wane; that the movement toward economic nationalism has destroyed the structure of economic internationalism, that managed currencies and state trade monopolies have destroyed the gold standard and international trade, and that national monopolies have cut the ground from under international monopolies. In short, that the world economic order as we have known it in the heydey of world capitalism has been doomed for some time; that America's attempt after the first World War to assume leadership in patching it up proved a failure; and that whatever else happens in the future we shall never see the return of the old order.

Thus the argument in its most general form. It has little to do with the political sympathies of those stating it. Parts of it will be found in books whose intellectual assumptions are as diverse as Jerome Frank's *Save America First,* Lawrence Dennis's *Dynamics of War and Revolution,* Guenter Reimann's *Myth of the Total State.* Nor can the argument be dismissed. For myself I find in it more realism than in the free-trade internationalism of, say, Lionel Robbins' *Economic Planning and International Order,* or of the economic group around Secretary of State Hull. But while I find strength in the general direction of the analysis, I cannot go with some of the implications for the future that have been drawn from it. For one thing, though the galled jade of Britain wince, our American withers are unwrung. To say that the day of British world dominance is over does not carry the necessary conclusion that nothing can be salvaged from the international economic order over which Britain presided, nor does it mean that the conditions that have thus far given America a favored economic position and an increasing world leadership have ceased to operate. To say that state trade monopolies must play an increasing role in the world order does not mean that only the monopoly state can survive; nor does it mean that the expansion of that monopoly state into a world imperium by conquest and submission, by force, fraud, and propaganda, is necessary in order to fulfill the possibilities of a world order.

IV

How can we fulfill those possibilities without the monopoly state and the world imperium? I can answer this best by a sequence of rather

summary propositions.

First, there is much in the past that we shall have to scrap. Whatever world economic organization emerges after the war will not only have to utilize existing technology to the full and accept its imperatives: it will have to accept also the obsolescence of many of the accepted assumptions and mechanisms of world economic intercourse, and will have to understand that many of the new assumptions and mechanisms have come to stay, and are not merely part of the fascist thrust at power.

Second, America's role in the postwar world cannot be placed under the same tent-roof with that of England. I am not arguing now against economic collaboration between America and Britain: I should even be in favor of immediate economic union, as a first step toward a postwar world economic structure. But what I am concerned with now is American strength and the chances of America's tomorrow. Unlike Britain's, our world position proceeds from our vast productive power, our resources, our technology. It does not and need not in the long run proceed from our *rentier* or investment role, nor our carrier or colonial role, nor our vast and essentially meaningless storehouse of gold. What gives America a great potential position of leadership in the world is thus what makes it also the prize fatted calf as a potential victim of a Hitlerized world. These strengths of America are inherent rather than adventitious. Neither the accidents of time nor the logic of history can wipe them out. They can be frustrated only by an actual transfer of world power to a single monopoly state which is not our own, or by our own stupidity in wasting our strength.

Third, there is little doubt that America could, if it wished, achieve an American economic imperium over the world after the war. If, as seems Mr. Roosevelt's assumption thus far, the Nazis can be beaten without extensive participation by America in a shooting war, America will be in a sweet and pretty position. With the other powers—Britain, Germany, France, Russia, Japan—exhausted, with our own strength unimpaired, with our military productive capacity at its peak, we could cash in on a new economic imperialism that would give us the role in the future that Britain has occupied in the past. Something like this, although not so nakedly put, is implicit in the imperialist groups whose immediate outlooks are as diverse as those of the "American Century" group and the "America First" group. I shall discuss later the costs and the implications

of such a policy. For the present I want only to point out its reality as one of our alternative postwar choices.

To be successful in an "American century" we should have to adopt many of the features of the monopoly state. But national monopolies under the monopoly state are the best way to organize production under modern technical conditions only when there is fear of using, or no will to use, other techniques. It is to the use of these other techniques that my *fourth* proposition is addressed. They would involve an extension to a world plane of the price and market controls, the credit and investment strategies, and the planning mechanisms with which the crisis democracies have been experimenting for a decade. This means, in contrast to the view of the American imperialists, that we must see the American role in the world not as the powerhouse of a national finance-capitalism but as the powerhouse of worldwide industrial productivity under democratic controls.

Fifth, we must move toward a strongly built world economic framework. Here we approach the question, so much mooted now, of the comparative merits of a coordinated world structure with a single power-alignment at the center, as against a set of coordinate regional economic blocs operating within a very loose world framework. I do not believe this question can be settled before we have a clearer picture than we can get now of the political complexion of the postwar world. A world in which America, Britain, Germany, Russia, and Japan all remained as strong powers, and in which an indecisive issue of military operations had led to a temporary standstill peace, would be one in which regional economic blocs were the logical order of the day, and in which world economics would become a jockeying for strength and position in preparation for the next war. A world in which Germany were alone victorious would be a world dominated by a single economy and state, with no room in it for economic regions. A world in which the anti-Nazi powers, including America, Britain, and Russia, emerged victorious would be a world under the economic leadership of those powers, with America having the major role of leadership; but it would also be a world with room in it for the principle of economic regions. I see no incompatibility between the principle of a world economic order under the leadership of a victorious entente and the existence of economic regions within that order.

For, *sixth,* the real choice is not between economic regionalism and a central economic authority, but between two sorts of regionalism. The basic distinction is between a competitive regionalism and a cooperative regionalism. Regionalism would be vicious, as nationalism has been vicious, if it aimed at self-sufficiency for the purposes of military strength, and if it was organized around units preparing for the ultimate test of world power. There has been a good deal of loose talk about regional economic blocs, some of it calculated to nourish the strength of the Nazi dream of world power. For the hope of being the center of a regional bloc is held out today to powerful economic groups in America as the hope of *Lebensraum* for an expanded economic imperialism: and the fact is that such an imperialism would either have to be subordinate to Nazi world power or sooner or later clash with it. And even assuming that these coordinate regional imperialisms were possible, it would still be true that they would involve as correlatives a set of monopoly state structures internally. Economic regionalism would be safe only if it were democratic; and it could be democratic only if it were a cooperative part of a world framework with a central economic authority democratically administered. Given this assumption, however, regionalism is highly desirable, since it could aim at the planning of resources within units economically more effective than the nation, and more manageable and institutionally more homogeneous than the world unit. It is a tragic thing that Europe was never able to unite economically, that all the plans for a United States of Europe came to naught. What its adherents failed to see was that a united Europe was possible only within a less chaotic world economic framework than could be achieved at the time. But even without political European union a loose form of economic cooperation could be worked out on the European continent within the larger confines of a world economic setup. And the same holds true for the British Commonwealth, for a Pan-American economy, for an East-European bloc including Russia, the Balkans, and the Near East, and for a Far-Eastern bloc centering in China.

Seventh, this would involve an international economic body at the center with considerable powers. Its task would be to provide adequate controls for whatever policing and setting of uniform standards had to be achieved in the world economy. This might involve access to, allocation of, or internationalization of basic raw materials that could not be found

plentifully within each regional bloc; monetary and foreign exchange controls of such a sort that America's possession of the world's gold would not form a stumbling block to trade; minimal tariff standards and other regulations for trade between regional units; loans and investment policy; the movement of labor; the regulation of the manufacture of and trade in harmful commodities.

This sounds unduly ambitious, but I do not intend it so. We should be proceeding by the principle of organic growth—by enlarging the scale and scope of the efforts that have already been made and the experiments that have already been tried, whether they have been the innovations of the democratic countries or the totalitarian. We have our own experience to go by—the regulatory devices within our own economy, the economic agreements within the British Commonwealth, the work of the International Labor Office, the work of the Bank of International Settlements, the task recently begun by the Economic Defense Board under Vice-President Wallace, the economic war-cooperation of America with Britain, with Russia, with China. We have also what we can learn and adapt from the experience of the Soviets and the Nazis.

We have suffered from two weaknesses. Our very sense of the doom of our international economic system has taken the strength out of the movements to apply more effectively the controls inherent in it—controls intended to equalize trading power and make economic competition more effective. But also our sense of fear of the totalitarian systems of barter trade and exchange controls and state trade monopolies has led us to turn our faces stonily against whatever elements of merit they possess. We have here paralleled on a world scale the mistakes we have tended to make within our own national economy: we have not taken our system seriously enough to make it work (as witness what remained for Thurman Arnold to attempt in enforcing the antitrust laws), and at the same time we have feared the challenge of the new economic systems to such an extent that we have fought the planning idea and surrendered most of the planning techniques to the dictatorial regimes. Both these faults are marks of a basic lack of confidence in our ability to shape our economic future. With that confidence we could strengthen what was practicable in what we have, and borrow techniques to correct the defects.

Eighth, within the regional and national economic units would lie the primary areas for economic planning and controls. Here we shall have

to push further in America the anti-depression price and production strategies; here we shall have to continue the economic mechanisms intended to secure our people against want, and project those policies to a larger plane. Within America and within the economic region of which America forms part, we shall have to achieve guarantees of minimal living, housing, and health standards; we shall have to use our resources for whatever rehabilitation of housing and transport may be required; we shall have to point the way to Europe and other regions not only to replace what the war has destroyed, but to use the opportunity of the destruction itself to launch new programs of architectural planning.

The immediate postwar period will be economically a difficult one, because of economic demobilization and the need for gearing our industries once more to peace-time uses. Some of our industries will have been expanded beyond their normal peace-time capacity, others will have suffered from disuse. The important thing here is not to aim merely at a return to the *status quo ante bellum,* but to use the expanded capacity of particular industries, like steel, aluminum, magnesium, hydroelectric power, as new norms for the rest of the economy to aim at. Our agricultural industries too, whose production is being stepped up now for the purpose of supplying our allies and winning the war, will have the task of helping feed a desolated Europe, a ravaged Russia, a prostrate Asia; and even with new technologies it can retain its man power afterward to supply a home market which higher living standards have created. In doing all this we shall also be able to raise the living standards in Latin-American countries, buy more of their products and find there more markets for our own goods. The whole nature of the picture I have tried to draw implies a mutuality of relation between the three levels of nation, region, world; and it implies also that economic health or sickness will communicate itself from one level to the others.

To those who may ask how we shall be able to create economic order in and apply planning techniques to transnational units when we have not been successful at a national level, there can be no adequate answer. Undoubtedly America and England would both be in a better position to confront a postwar world economy if they had learned the arts of planning first within their own boundaries. I admit the force of the objection: and it makes me skeptical of the probabilities of any brave new economic world in the postwar period. Yet what I have sought to sketch out

as in the realm of possibility is in no sense to be thought of as a paper scheme. It can be achieved only in step-by-step fashion, and only in building on what we already have. But there are certain assets to be placed on the probability side. A war economy necessarily involves the extremes of economic planning if the war is to be won; and if the war is, as it is likely to be, a protracted one, there will have been by its close a considerable habituation to the techniques of planning, both in America and England. These habituations will have been strengthened by contact with the military and economic planning techniques of the very formidable Nazi enemy whom we shall have been fighting, and of the very impressive Soviet power which the strange logic of history has now made our ally. Moreover, we may well find that we can resolve difficulties on an international level that we have been unable to cope with on a national. That is, after all, the essence of the possibility of war-time planning in a capitalist democracy.

This would not be the first time in history that this sort of paradox was resolved. Progress is no straight-line affair. History often moves by crooked and circuitous routes. The imperatives of national planning have, in the democratic capitalist state, come up against formidable class and ideological resistances. It would not be unthinkable that the cause of national planning should be aided by the very fact that on a transnational level the imperatives were stronger and the resistances not as tenacious. Nor would it be unthinkable that the problem of making economic planning compatible with political democracy should be eased when a regional and international economic cooperation had lessened national rivalries and directed attention toward something other than the armament industries.

V

I have been speaking thus far of economic re-construction and new-construction. But that implies similar thought and creativeness on the political level. And so I turn to the question of the nation-state and national sovereignty, and to the movement for a world federal structure.

Let me start by saying that the primary task of government in the next century will be to make the new techniques of economic planning democratic, just as the primary task of economics must be to make the old techniques of political democracy efficient. And in seeking the conditions of democratic planning an ounce of history is worth a pound of abstrac-

tion. Every new political form carries within it the potentials for destructiveness and liberation. The nation-state was, at the time of its emergence, a revolutionary form of centralism. The power which in the feudal system had been both diffused and rigid became in the nation-state centralized and yet more flexible. The nation-state came thus as a potentially progressive force. Yet almost at the beginning it was pushed too far in the absolute monarchies. A century and more of struggle not unpunctuated by violence was required before the nation-state could become a democratic instrument, before it could thereby liberate the industrial and cultural potentials of its people.

But now the nation-state has once more proved inadequate to the new strains imposed on it. We seem to be groping for something like a continental state, on a scale large enough so that the problems of economic resources, markets, military strength, can be met. And within that we are groping for the political machinery of economic planning. The new form of state has already shown a tendency to be pushed to a reactionary extreme in fascism: *Lebensraum* has been linked not with the valid concept of units large enough for effective governmental action in the economic realm, but with conquest and the racial idea; and planning has been applied on the fullest scale only by the monopoly states. Yet the continental state and the planned economy may still have their democratic phase ahead of them. When that is achieved, the industrial and cultural potentials thus opened up are exciting.

A word of warning in this connection. I have several times written elsewhere that we live in a time of the breaking of nations and that the day of the nation-state is over. I have been assured that I am wrong, and one of my students has even shown me with a scholarly thoroughness in statistical terms that the number of nation-states has been increasing rather than decreasing up to the present war. I have never had any intention of denying this. In fact, the very increase of nation-states, and the fragmentation of Europe that has resulted, has been at once symbol and concomitant of the weakness of the nation-state. For its weakness lies in the gap between its internal cultural tightness and the external imperatives of military power and economic effectiveness. Nor do I think that our own time will see the death of the nation-state. I say merely that its heyday is past, and that increasingly we shall be moving away from it to new political forms.

In its rise the nation-state developed the political ideology of sovereignity. The concept fluctuated between the sovereignty of the kingship and the sovereignty of the people, but the essential of both was that the sovereign power was complete and indivisible. Actually, however, far too much stress has been placed upon the concept: the important thing, as Harold Laski has suggested, is the variety of uses to which the concept has been put in the practice of the state, in order to bolster class rule and break up any attempt to challenge it.

But another difficulty with the sovereignty concept has been that for most states recently sovereignty has been an illusion. The distance has been a great one between the fictive sovereignty of a state like Rumania or Denmark and its capacity to maintain it in military and economic terms. Clinging to their phantom sovereignty, the small states were thus reduced to the diplomatic manipulation of their relative weaknesses, and were finally forced to cling to a neutrality that was at the mercy of the first great power that chose to break it. In the end they were annexed or crushed.

That is why I find it difficult to be much impressed by those who fear that the nation-state must surrender part of its sovereignty in the future, whether it forms part of a regional economic bloc, or a world economic framework, or a world federal state. Something of a pother was raised in England and in eastern Europe by a leading article in the London *Times* for August 1, 1941, suggesting that Britain could not undertake to guarantee the integrity of the small nations of eastern Europe, and that their fate was linked either with Germany or Russia. For the thesis as stated, there can be no defense: given the tradition of the *Times,* it was mainly to be construed as an attempt to get out from under certain international obligations. Nevertheless the tone of righteous indignation with which the leader was greeted by those speaking in behalf of "the rights and independence of small nations" was less than candid and less than realistic. If Britain and America were to assume a protective role, the sovereignty of the small nations would to that extent be qualified, just as much as if the Soviet Union were to assume a protective role. The solution is likely to lie, as I have suggested, in a pattern of regional economic collaboration within a larger pattern of world economic control, all of this—as I shall suggest—within some framework of world federation.

But this too would involve a qualification of sovereignty. It has for some time been recognized that the weakness of the League of Nations lay in the unwillingness of the member states, particularly the great powers, to surrender any of their sovereignty by applying or subjecting themselves to the sanctions of the League. But as for the small nations, how can they be conceived as losing anything by the partial surrender of what they never had fully? It is somewhat reminiscent of the surrender of the individualism of the worker who receives a Social Security card, or of the trade-unionist who makes himself subject to the findings of the National Labor Relations Board. The truth is that the small states, and large as well, will have to surrender part of the fiction of sovereignty in order to get more of the reality of free national action. I am convinced that the answer lies in an approach, sometime in our century, to a federal world-state. The federative principle, whatever its weaknesses for a country like America, has obvious advantages for the policing functions of a world state. It means the possibility of strictly delegated and limited powers, but with power enough at the center to perform the necessary functions. In this sense there is an essential soundness of direction in the various plans for Federal Union, along with the boldness of their conception and the fervor of their promotion.

If then there are still doubts in the minds of many about Federal Union it is not due to the federal structure itself, but to its other characteristics. One of the fatal objections to the League of Nations was that it was being used as a convenient tool for Anglo-French domination of the post-war period. There are grounds to suspect that Federal Union will be a similar instrument for Anglo-American domination. While it is not decisive evidence, the character of the groups supporting it is of interest. While there is a sprinkling of labor support in England, there is almost none in America; and in the latter country the prestige of the movement derives from the support given it by the financial elite and their journalistic and political spokesmen who are pro-British in the war and for an "American century" after it. When I attended a New York meeting of Federal Union, I thought for a moment that I had blundered into a joint convention of the National Association of Manufacturers and the Willkie Republicans.

The fact that "Union Now" has more recently become "Union Now with Great Britain" is not one to allay these fears. If such a union is intended to bring us into the war on Britain's side, which I happen to favor,

I can only answer that there are no short cuts to the war decision, which must be made openly and out of a fulness of conviction of American leadership and the American people. If it is intended to supply a cadre for world order in the immediate postwar period, I must again agree that America and Britain are the logical countries to assume that leadership. But I must add that they cannot build a structure of world order as the exclusive members of a club choosing later members by the process of co-optation. The requirements of internal democracy which a nation must fulfill before it can qualify for membership in Federal Union contain a narrow emphasis on the forms of political democracy. The emphasis should be rather on the temper of institutions, on the democratic aspirations of the vast mass of people, on whether the regime is making genuine efforts toward internal political unity. By such a standard it should be possible to include China as well as Mexico and other Latin-American countries, in addition to America and the members of the British family of nations. Nor, on the same principles, should the door be closed to the Soviet Union.

But even such considerations are still too formal to reach to the heart of the matter. My basic quarrel with Federal Union is that to the extent that it provides for a world centralism, it is thinking in terms of a deliberative rather than a functional authority. And this, I think, not only strips it of its utility for the future, but is even a misreading of the spirit of the American Founding Fathers, from whom Federal Union derives so much.

The American Constitution, with its emphasis upon separated powers, and with its conception of government as a sequence of legislation, execution, and construction, is a poor model for a world state which will have to tackle problems more difficult than any in modern history. The essence of government today is to be found in a fusion between the consultative, the technical, and the administrative. This is true even of American national government: the measure of our capacity to survive has been our capacity to move away from our earlier Congressional government and our later government by judiciary, toward a newer executive and administrative process. What is true of the American national state must be even truer of the world centralism we are envisaging. It will have difficult problems to deal with—of the recognition and support of constitutional governments in the defeated countries, of the supplying of a devastated and famished Europe and Asia with the means of sustaining life and rebuilding industry, of the rebuilding and replanning of whole cities and

areas, of the movement of industries and the repatriation of peoples, of international policing, of trade and colonies and foreign investments. And in this context the emphasis of Federal Union upon an international legislative assembly, with its membership carefully distributed among the constituent nations, is something short of realism. Our recent experience with Congress should have indicated the failure of parliamentary decision in the problems with which modern governments are chiefly concerned.

I have said that the essence of modern government lies in a fusion of the consultative, the technical, and the administrative. An application of that principal to the world federal state would mean that the tasks I have described would have to be accomplished not in the forum of a world assembly, but by mixed commissions including political representatives of particular class and functional outlooks, technical advisers in the economic, military, labor, educational areas, and competent trained administrators. This would provide at once political power and responsibility, technical *expertise,* administrative realism. I should be willing to trade the entire proceedings of a world assembly for even a small portion of these.

Nor need these be mainly paper constructs. One of the heritages of the era of constitutional government has been a reliance on the power of words on paper to constitute a polity. Woodrow Wilson's League of Nations group suffered from the same itch for constitution-making, for the structural as contrasted with the organic. Less important than a ready-made constitution is the succession of steps from where we are now, through economic cooperation with Latin America, war cooperation with Britain, Russia, China, the setting-up of an economic general staff not only for the war effort but for the postwar effort as well, the transition from the present "phantom" governments of the vanquished states in London and the economic and military missions in London, Moscow, Washington, Chungking, to the mixed commissions I have been describing, the institutionalization of these makeshift arrangements until they become an organic part of the national governments concerned and therefore of the world state. A peace conference there will have to be; but we must not depend on it to take more than a few preliminary postwar steps. The creative work will have to be done outside the feverish atmosphere of a peace conference, vulnerable as it is to every pressure and intrigue.

That means that we shall have to envisage a transition period between the end of the war and the effective functioning of the new world economic arrangements and political mechanisms. In that transition period the nations that have the economic power, the political prestige, the moral strength in the world will have to take the pragmatic leadership. They will have to solve the enormously difficult problem of finding or setting up governments in the defeated countries with which they can deal, a problem serious enough in nations like France and Rumania, but almost insuperable in Germany itself. Ferrero has suggested, in his recent *Reconstruction of Europe,* that the European powers faced the same problem after the Napoleonic wars, and that it was the genius of Talleyrand that found the solution. However that may be, the test we shall do best to use is not merely legitimacy in the line of pre-Hitler succession, but the extent to which the government has the confidence of the large majority of its people, the extent to which its members can point to genuine anti-fascist and pro-democratic behavior in the past, the extent to which they can combine firm and realistic action with strength enough to brook an opposition.

In all that I have said the accent has been on a pragmatic effectiveness within a democratic framework. That was, I think, the spirit of those who founded our government. They used the best wisdom of their time in an approach to the problems of their time. We cannot be content with reverting to their political forms in our approach to the problems of our time. It will be better for us to borrow their spirit than their solutions.

VI

There remains the question of the auspices under which all this can be accomplished. That they must be democratic is a first principle. But one does violence to democracy by speaking of an "American century," or dreaming of a British-American condominium over the world. Democracy is a world force, capable of liberating still untapped productive and moral energies all over the world. A democratic postwar world would mean one which put into power in every nation, and at the world center, those groups that best understood and expressed the felt needs and the possibilities of their culture.

There has been a good deal of talk, and not all of it unjustified, of the gap between have and have-not nations. To move from the fact of

possession to the fact of social function is as necessary in the international as in the national sphere. Similarly one can draw a parallel between the movement within a nation away from the manipulation and exploitation of scarcities to the fullest expansion of productive capacities, and the similar movement in the international sphere. The democracy of the future will mean the sort of national and world government which allows for these directions. And this must mean a transfer of governmental function to the groups which have the technical skill and the knowledge of the industrial and administrative arts, the groups that are untrammeled by the vested ideas that have not worked in the past and unblinded by disabilities of social vision, the groups which are willing to convert into general living standards and cultural potentialities the goods and services whose production they organize.

Without an effective transfer of social function and political power to these groups and their leaders, the present war against fascism will not finally have been settled.

THE FORGOTTEN MAN: HENRY GEORGE

By GEORGE R. GEIGER

ONE OF THE MOST CURIOUS anomalies of the entire literature of social reform has been the almost total neglect, even ignorance, in liberal and progressive circles of the work of Henry George. He is indeed the forgotten man, apparently the unmentionable. Try to find a reference to him in, say, the *New Republic* or the *Nation*. (Even the *New Masses* and the *Daily Worker* are a little more generous. Once in a while they remember his anniversaries and have some unaccountably charitable things to say about him.) This ignorance occasionally has ludicrous results. Not that George is confused by the allegedly literate with Lloyd George, but it's almost as bad as that when Mr. George Catlin (certainly an alleged literate) writes in his rather recent *Story of the Political Philosophers* that the George Junior Republic in New York State—a colony for the young—was established as an outgrowth of Henry George's work! Which is about the same as suggesting that Karl is one of those funny Marx Brothers, or that he helps run a men's clothing chain with a couple of other fellows. A trivial point surely—possibly even a typographical error. ... Although, as some wag has put it, they can't *all* be typographical errors. The omissions of George are not all inadvertent. There are reasons, then. What are they? The following catalogue is perhaps not complete, and it is certainly uneven, containing both good and bad reasons—and all of them insufficient ground for the neglectful contempt that our present-day intelligentsia professes towards George's philosophy:

He is connected with "the land question," and that is out of date.

He believed in a "single tax" which was to be a utopian panacea.

He believed in classical economics.

He believed in God.

He has no standing in academic circles: it is not sophisticated to refer to Henry George as it is to mention Thorstein Veblen.

Look at the single taxers! They are all crackpots—vegetarians, theosophists, spiritualists, Esperantists, believers in chiropractic and anarchism.

He was perhaps a pioneer in American political economy, the economically literate might acknowledge, but no more important than Daniel Raymond or Thomas Cooper.

And so on. To be sure, arguments such as these, whether or not they are caricatures or straw men, are seldom explicit. They don't have to be, since for most individuals it is unnecessary to give reasons for not paying attention to Henry George: he is simply outside their universe of discourse.

This may be a very negative approach to the American economist and philosopher, but negative is the word to use in referring to his reception today. Now, the purpose here is certainly not to refute all the arguments which have been used to rationalize this inattention. In fact, some of them are irrefutable, e.g., the one about single taxers. Admittedly they are the chief trouble with the "single tax" (whatever might be implied by that very inaccurate phrase); and all that could be essayed in this area would be the usual *tu quoque* argument, viz., look at all the other brethren of social reform! Would Marx be a Marxist (and of which variety) were he alive today? Try the same with all rebels and their followers—including Jesus. There will always be the lunatic fringe. To judge social theory in terms of it is to confuse economics and politics with psychiatry. But even if all the arguments cannot be examined, an attempt will be made to look at a few of the more significant of the reasons for disregarding the work of George.

Possibly the most serious of these is the misconception which lingers about the phrase "the land question." George's reputation stands or falls in direct proportion to the attention given to land as an economic factor. But apparently land has become old-fashioned, something bucolic which may affect a few Southern novelists with a wistful nostalgia. At most it refers to the need for preventing erosion and for conserving natural resources (as if land itself were not *the* natural resource). That "land" might have a more elemental referent than fertile prairies and grassy plains and virgin forests seems as implausible as the opening of another frontier. Indeed, as Gilbert Chesterton complained, "our urban populations have virtually forgotten that we all live on land." Our contemporary economic architects have been equally forgetful. To be sure, there have recently been a few sporting admissions that "Henry George may have been right after all," or that in town and regional planning more attention must be paid to increased land value taxation. But certainly there

have been indications of serious blindness in the drawing of social patterns and the planning of political structures. There are programs and there are plans, all of them seemingly founded on the proposition that industry and capital and finance are ethereal essences, floating about balloon-like, quite aloof from the ground.

Henry George had a very different approach to "the land question." It was for him a concept as much metaphysical as economic. Land was Nature. It was our own Earth. It was all that was unmade by man, the physical world which provided the foundation for each of his efforts. Without land man was as rootless as a pulled flower. But metaphysics is unpopular now. So is classical economics. Therefore the sweep of meaning which George gave to land seems dated and irrelevant, too bound up with the rationalism of the traditional land-labor-capital distinctions. It's a profound pity, however, that the fallacy of association has to operate here so crudely, causing the obloquy which has been attached to metaphysics and classical political economy to fall upon the idea of land itself. For "the land question" can stand upon its own feet, quite independent of the benefits (or the handicaps) of classicism.

First of all, whatever it is called—by the standard term of "land" or by something more modern—there is a physical base for the economic process. It does not have to be celebrated by metaphysics or rhetoric: it is literal not poetic. Men labor and produce goods; the goods are distributed and consumed, directly or in a roundabout fashion. This is the *physical* process which economics studies (although economists are often more fascinated by the psychological processes involved in demand and motivation). Now, to confine discussion of this process to the worker, or to his tools, or to the esoteric manipulation of the fiscal means by which the worker is able (rather, unable) to buy back the goods he produces, without casting even the most furtive of glances at the geographical site which the worker uses, or at the raw materials which he transforms into commodities, or at the avenues of transportation which distribute the goods, is certainly a symptom of some kind of allergy. To be sure, the phrase "raw materials" does have a familiar ring these days! The war and national defense have had some disintoxicating effects upon our economic smugness.

But what magic has "raw materials" which "land" does not have? Certainly it is not simply Henry George who would insist that natural

resources are but one element of "land," more spectacular but just as earth-bound as the familiar Illinois-prairie, barn-yard connotation of the word. It should be superfluous—at least for those who have taken the trouble to read George—to point out that the most sedentary of accountants, working in some lofty aerie of a New York skyscraper, is using land—in fact, using perhaps the most precious land on earth. (The absurd paradox of the matter seems to be that the more valuable land is, the more it tends to be ignored—at least by many who consider themselves to be both progressive and economically literate.) It should be equally gratuitous to indicate the crushing economic power that resides in franchises, rights-of-way, control of industrial sites, and all the myriad aspects of what in economics is so harmlessly designated as "land."

Whether this is a problem for semantics raises a nice issue. In one sense that problem has already been raised by those not exactly liberal archcritics of George, Messrs. Ely and Seligman. They have asserted again and again, in their most graciously patronizing style, that "land," as used by George and his followers, is much too broad an economic term. There are many kinds of land, and therefore one must be more specific and talk about this kind of land or that. (Had they been writing at present they would have undoubtedly made much use of the semantical subscript.) Thus, there is no "land question." There are specific problems of adjustment here and there. Now, this approach has a realistic and plausible, even pragmatic, tone; it becomes specious, however, when we remember that Henry George was a social reformer, perhaps an unsung revolutionary. For he used "land" as Marx used "labor" and "capital." That is to say, beyond the economic analysis, which both men elaborated rigorously, there was the cry for action. The Ely-Seligman argument could show that similarly there is no problem of "labor," or of "capital," or of class conflict because there is no referent for labor or capital or even for class consciousness. And that argument might be sound if all that language did was to communicate information. But language is hortatory and persuasive; it arouses emotion and directs action.

The denial that there is any "land" is of a piece with the pseudo-sophisticated denial that there are "natural rights," or that "all men are created equal," or that "labor creates value." Denials like these have a sophomoric illumination which give a sense of superiority, the superiority of finding out that there isn't any Santa Claus. But, as has been pointed out

many times, these admittedly abstract, sometimes even unreal, concepts of economics and politics are to be understood as strong weapons for social change. They are presumptive fictions, "as-if" hypotheses, moral ideas, which are not to be taken as representing any tangible "referent," but rather as indicating goals to be achieved, programs of action that must be inspired by great words. What would a Mexican mural be without the motto of "land and liberty"? This argument must not be misunderstood. "Land," in George's philosophy, is by no means a purely emotional term, although it is certainly surrounded by poetic, even religious, haloes. Its economic aureole is much more brilliant. The present paragraphs are simply suggesting that an abstract, metaphysical, even sentimental, interpretation of "land" has a quite definite place, at least in helping to stir the apathy which the word ordinarily encourages.

Only one major economic aspect of the land question can be introduced here. Yet it will be the largest and the most provocative of controversy; it should at least indicate that George's point of view was not a piddling one. Whether he was right or wrong, he had a depth and perspective that seem comparatively unfamiliar to those—they really ought to know better, too—who still think of "the land question" as something rural, rustic, at most, suburban. To put it bluntly, George argued that since land was the physical foundation of the economic process, its control was the basic control. Something more than a figure of speech is intended by foundation: land provides the materials which are to be transformed into commodities, it affords the location for the transforming, it supports the worker who from it *pro-duces* goods. Therefore, to dominate land, argued George, means to dominate the entire economic structure. The monopoly of land is the parent of all monopolies; the private ownership of land is the most dangerous form of economic power, for all privilege is related to it, directly or indirectly. To be "radical," then, to seek for the roots of exploitation means to investigate first the land question. And in this connection, it is strange that the words of Marx seem to be unknown or ignored by those who claim the name of progressive:

> We have seen that the expropriation of the mass of the people from the soil forms the basis of the capitalist mode of production. . . . The only thing that interests us is the secret discovered in the new world by the political economy of the old world, and proclaimed on the house-tops: that the capitalist mode of production and accumulation, and therefore, capitalist private property, have for their

> fundamental condition the annihilation of self-earned private property; in other words, the expropriation of the labourer.[1]

And again:

> The expropriation of the agricultural producer, of the peasant, from the soil, is the basis of the whole process. . . . The monopoly of landed property is an historical premise, and remains the basis of the capitalist mode of production, just as it does of all other modes of production, which rest on the exploitation of the masses in one form or another.[2]

George indeed agreed with Marx that there was a class struggle, but it was between those who owned the earth and the others who sought their permission to work on it. Marx seems to bear witness to that possibility.

Now, the point here is not to avoid argument, much less to pontificate. It is well realized that the focus of George's type of generic exposition can be shifted so as to throw into illumination other sources of economic exploitation, notably "capital." The force of the George-did-not-go-far-enough contention is equally understood (although very often that complaint indicates the entire logic of George's position has been missed). Whether his concentration on land was myopic or the exaggeration needed to get a good idea a hearing need not be fought out again. But what should become clearer is some awareness of the expanded range of meaning which George gave to "the land question." A sensitivity to such an expansion of meaning and to the series of implications which flow from it seems to be at the same time the most difficult and the most unavoidable orientation that has to be made in coming to grips with George's proposals. Especially does it appear difficult to disintoxicate our ultramoderns from the comfortable notion: Well, maybe Henry George had something to say at the time he wrote. There was still some free land. But the last frontier has been long since reached, there is no more land, the whole subject is of antiquarian interest.

George had the shrewdness, however, to realize that free land did not necessarily mean the untrod ranges of newly discovered continents, or the virgin territory that once gave opportunity to the colonist and the pioneer. He saw that "free land," in this literal sense, was simply poetic. The focus of his badly misnamed "single tax" was to *make* land free, even if it were under a skyscraper in downtown Manhattan—and owned by

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[1] *Capital* (Chicago, Kerr ed.), Vol. I, pp. 841, 848.

[2] *Ibid.*, p. 787; and Vol. III, p. 723.

the Astor family. How could this bit of magic be done? "We may safely leave them the shell," he wrote, "if we take the kernel." The shell is the land itself; the kernel is land value. Land is free, according to George, only when the owner has no power of exploitation. That power rests in (1) the withholding of land from use by means of its high price, and (2) the private appropriation of land rent, which is definitely a social product. Thus, for land to be free, it must be forced into use—when and where socially necessary; and its rent must be directed into public instead of private channels. These aims he proposed to accomplish by a tax on land values, a tax which would gradually rise so that all (or nearly all) of land's economic rent would be absorbed.

"Single tax," like "the land question" itself, is another nominalistic bogy. The phrase, more than the idea, is the hurdle. For whether a tax on land value be single or one of many has nothing whatever to do with its merits. It is even questionable whether George himself would have boggled at the problem. (There is only one casual reference to "single tax" in his entire *Progress and Poverty;* furthermore, when the words became current later, he expressed his strong disapproval of them.) Be that as it may, it is certainly true today that George's taxation schemes can be appreciated no matter what one's reaction to a "single tax" might be. Yet that appreciation has been very meager on the part of the "progressives" to whom this entire essay is largely being directed. Even the most orthodox of economists do not scruple to pay their wholehearted respect to the soundness of high taxes on land values and correspondingly low taxes on land improvements. Not so the fiscal experts who write taxation schemes for the liberal weeklies. They do not seem able to look beyond the rather obvious criterion of ability to pay and the belligerent one of taxes-as-clubs. These criteria, of course, have both strength and plausibility, and, as transitional devices, they are imperative. But few of our left-wing fiscal experts appear to have bothered much about an explicit theory or philosophy of taxation. Taxes for them are so often purely *ad hoc*. Perhaps these writers do have an implicit logic, i.e., that *unearned* incomes ought to be the first and neatest subject for the taxation ax. If that is so (and it would be a good idea to make such an assumption—or any other—an avowed one), then the imbalance of talking only about excess capital profits and never about the unearned increment of land is glaring.

That land value is peculiarly social value and therefore superbly adapted for social uses via taxation is so elementary an observation that no economic literate can be ignorant of it. Maybe it's too elementary to be impressive, just as it is apparently too athletically simple to suggest that society should collect the value which society creates. Now, that there are "other values which society creates" is absolutely correct, and that there are other antisocial incomes besides that of the traditional unearned increment of rent is equally clear. But (1) a tax upon any unearned income in no way precludes taxes upon other unearned or antisocial income; and (2) the argument that of any economic return, land rent is par excellence social in nature and least justified as a fund for private exploitation seems just as effective today as in its original labor-theory dress. In any case, the complaint here is directed at the complete neglect—and that is not an exaggeration—with which our present-day liberal greets the notion of high land-value taxation. As a possible evidence that this neglect is primarily the result of a fashionable ultra-sophisticatedness, the following contention, recently offered to the writer, may be introduced: Everyone knows that population is no longer increasing. (This was before the draft!) Therefore, no more land booms are possible. George's proposals were the product of an era of speculative land bubbles. (Has Florida, 1929, been so quickly forgotten? And are we not reading today about the speculative high jinks at the power dam sites, notably Muscle Shoals?) They have little relevance now when population is becoming static and land values frozen.

This approach has the specious competence which follows a reading of the census reports; it is being mentioned here, not for the sake of refutation, but because it seems somewhat typical of an entire attitude, the why-ain't-you-heard-where've-you-been-everyone-knows attitude. It's simply *de trop* to be familiar with George. (In passing, it may simply be noted that this argument makes some interesting assumptions: (a) that increase of population alone causes increase in land value; (b) that existing land values—if they do not increase, even if they decrease—do not have to be considered as a problem: (c) that ideas which become spectacularly clear at a given stage in economic development have little relevance at other periods—which, for example, would make any ideas stemming from the paleotechnic phase of the industrial revolution, even those of Marx, *ipso facto* inapplicable for neotechnics.)

This is not an essay on fiscal problems. For there is much more to George than single tax or even the land question. But his name has been made so parochial, so bound up with a special economic technique, that some exposition of his direct proposals is always necessary. George's chief criticism of the phrase "single tax" was precisely that it connoted only a fiscal program, whereas his interest was always a moral one. Until only yesterday this was still another reason why he could be so confidently ignored. Because economics had nothing to do with ethics. Depending upon one's school, economics could be regarded as a calm, objective study of historical phenomena which informed us how our institutions came to be what they were; or as an acute psychological analysis of why people wanted things; or as an intricate mathematical manipulation of a price calculus. Whether our institutions were any good or not; whether people's desires had any relevance; whether price had an ethical dimension; what economics was for anyway—these queries were impudent, sophomoric, at best meaningless. That is, they were until the last few desperate years have made them the most screamingly pressing of all questions. "Knowledge for what?" has become menacingly real.

Almost every page of George's work breathed the conviction that political economy had no point, no life, unless it celebrated the securing of human welfare. Only as a means for helping to achieve some measure of decency and dignity for man did an economic system or an economic theory have any relevance. To be sure, his phrasing of the problem of human values is now an unpopular one. He spoke of natural rights, of a labor theory of property value, even of the design of God. But there should be little difficulty in making a suitable translation. John Dewey has made this point so clearly that it bears repeating:

> It has repeatedly been pointed out that the real issue in the "natural rights" conception is the relation of moral aims and criteria to legal and political phenomena. Personally, I have little difficulty in translating a considerable part of what George says on nature over into an assertion that economic phenomena, as well as legal and political, cannot be understood nor regulated apart from consideration of consequences upon human values, upon human good: that is, apart from moral consideration. The question of whether a "science" of industry and finance, of wealth, or of law and the State, can exist in abstraction from ethical aims and principles is a much more fundamental one than is the adequacy of certain historical concepts of "nature" which George adopted as a means of expressing the

> supremacy of ethical concepts, and on this fundamental question I think George was in the right.

His ethical interpretation of economics and politics helps to fix George's position in American economic theory and economic history, and it is one that is worthy of attention even from the coolly historical point of view. For he was in many ways a figure of transition. His economic "pessimism," for example, was in striking contrast to the trend of American political economy, although it was in no way a revival of the classical gloominess of a wages fund and Malthusianism, both of which George completely repudiated. Up to the Civil War period, American economists (few as they were) had been unsympathetic to the classical school, specifically to Ricardo. Despite the physical presence in this country of "no-rent" land, an implicit assumption of the entire Ricardian system, the whole idea of diminishing returns and of a static margin of distribution has been repugnant to the American economist. Even the classical distinction between land and capital has had little popularity in the United States (which is still true), perhaps because Americans actually could see farms being "made" under their feet. Now, this early American anticlassicism was in no sense theoretical. That is to say, the real reason why men from Raymond and Carey to Francis Walker could attack Smith and Ricardo was that this was a young, growing, lusty nation, expanding and developing, buoyant and confident. The dismalness of English political economy could find little place in a pre-industrial, frontier-pushing land. It is to the eternal credit of George that he was never seduced by all this, not even by the protective tariff siren. He turned a shrewdly jaundiced eye to American "progress." When we remember that his first ideas in economics ripened in the California of the years immediately following the gold rush, and that the close of his life found him in New York during the months of imperialistic jingoism leading up to the Spanish-American War, the fact that he did not fall for the American dream is a remarkable testimony to his critical powers and to his moral scruples. As early as 1868 he wrote an article for the *Overland Monthly* on "What the Railroad Will Bring Us," and this is what it will bring:

> Increase in population and wealth past a certain point means simply an approximation to the conditions of older countries—the Eastern States and Europe. . . . The truth is that the completion of the railroad and the consequent great increase of business and population, will not be a benefit to all of us, but only to a por-

> tion. . . . Those who have, it will make wealthier; for those who have not, it will make it more difficult to get.

The same thoughts are found, in a much more eloquent form, in the prophetic words of *Progress and Poverty,* written while George was still in California:

> The "tramp" comes with the locomotive, and almshouses and prisons are as surely the marks of "material progress" as are costly dwellings, rich warehouses, and magnificent churches. Upon streets lighted with gas and patrolled by uniformed policemen, beggars wait for the passer-by, and in the shadow of college and library and museum are gathering the more hideous Huns and fiercer Vandals of whom Macaulay prophesied. . . . Whence shall come the new barbarians? Go through the squalid quarters of great cities, and you may see, even now, their gathering hordes! How shall learning perish? Men will cease to read, and books will kindle fires and be turned into cartridges.

It was not simply intuition which distorted (or shall we say focussed) his gaze. There was plenty of empirical evidence for George's pessimism. For one thing, he sensed, even in the West, a growing restlessness. In spite of the boom-town optimism, which always had something of a frenetic flush, the suspicion that all this could not last was never absent. It became much more than a suspicion when the depressions of 1873-1877 hit the Pacific Coast, and the Dennis Kearney rioting against the Chinese and the Central Pacific Railroad brought into California some measure of the fire and blood that had been streaked through the great Eastern railway centers. In fact, *Progress and Poverty,* first published in 1879, may be looked upon in part as a commentary on the labor troubles and the panics of the '70's. George felt that he was watching in miniature the unhealthy development of industrial civilization. California was but repeating Illinois, and Illinois repeating New York; the whole New World was paralleling the evolution of the Old. He occupied a privileged position in witnessing the early convulsions of a new social order.

Furthermore, his background seemed to show him something even more specific than the change from progress to poverty. As one economic historian has put it, "he witnessed intimately perhaps the most discreditable episodes in all our checkered public land policy." At first hand George observed an orgy of land speculation that was almost obscene. As but one of many typical illustrations, the arrival of a brig from New York could overnight send up San Francisco water-front lots from $5,000 to $10,000. In addition, there was the riotous disposal of public land to the railroads.

For example, more than sixteen per cent of the entire area of California was granted to the railways, and within eighteen years of the first pre-emption act, in 1863, the State had disposed of all her vast landed possessions. George had ample evidence for both his economic fears and for the particular twist he gave to their cause. He was no more impressed by nineteenth-century American expansion than was Veblen.

George was equally a critical figure in the transitions of American economic theory. He never accepted the "historical" school which the young German-made Ph.D.'s like Seligman imported into the United States in the '80's. For George, who underestimated the institutional possibilities in this approach, the academic pretensions of the historical theorists never were able to cover their bald defense of the *status quo*. They were the rationalizers and apologists for an economic system whose origins they traced diligently, and whose values they took for granted. They were ethically aloof and contemptuously so. Therefore they could not even be historians. George's relations to the Austrian school were more interesting. He took note of it (as well as of Marshall and the historical group) in his last work, *The Science of Political Economy,* which was published after his death in 1897; and he appeared very skeptical of what he considered the statistical jargon of the marginal utility approach. Yet, as Teilhac has pointed out, George himself anticipated the whole emphasis upon the demand factor. It was the demand pressure for land which made dynamic the processes of marginalism, and which, for George, gave life and movement to the entire Ricardian system. (In this connection, it must also be remembered that the marginal productivity synthesis of J. B. Clark was suggested to him—in Clark's own words—by "the claim advanced by Mr. Henry George that wages are fixed by the product which a man can create by tilling rentless land [which] first led me to seek a method by which the product of labor everywhere may be disentangled from the product of co-operating agents and separately identified.")

The point here is not to try to connect George with all of the nineteenth-century trends of American political economy. But it is to insist that in both the economic history and the economic theory of this country George was a major character, and that, despite Professor Knight's pontifical edict that he belonged to the "pre-arithmetical" school of economics, to ignore him is to betray a measure of illiteracy. As John Dewey has said: "I am not speaking of acceptance of his [George's] ideas but of acquaint-

ance with them, the kind of acquaintance that is expected as a matter of course of cultivated persons with other great social thinkers, irrespective of adoption or nonadoption of their policies." When we consider that *Progress and Poverty* has had a greater circulation than any other book in political economy (partially unverified figures would indicate a greater circulation than all the other combined works in economics), and that in England George is still looked upon as the parent of the Fabian movement and the outstanding theorist of the land question whose taxation proposals are an integral part of the Labor Party's program, Dewey's advice should be superfluous.

* * *

We are examining in this paper some of the reasons for George's neglect today, neglect, at least, in the circles where it seems so egregious. Some of these reasons are plausible, others unquestionably factitious. To the more legitimate reasons may be added an unfortunate tendency on the part of the most influential of George's present-day American supporters to use his work as a club with which to belabor "collectivists" of all sorts—from Stalin to Roosevelt! What may be called the right-wing group of Georgists seems to have been unduly influenced by the ideas of Albert Jay Nock, whose rather recent book, *Henry George: an Essay,* expresses clearly the sophisticated anarchism which he has always preferred to "our enemy, the state." The joys of philosophic anarchism are heady and beguiling. In fact, there is almost no social reformer who would not want to see the state ultimately wither away. But real differences certainly exist between the petulant complaints directed against the inevitable extensions of the powers of present governments, and the long-time (admittedly utopian) vision of a classless society and therefore a powerless state. The extraordinarily bitter attacks upon "statism" which evoke the blessing of many prominent Georgists today do not have even the ring of genuine anarchism. They sound more like the "viewings-with-alarm" of a Chamber of Commerce or the National Association of Manufacturers.

There is of course no point in discussing the merits of rigorous anarchism. (Mr. Nock's brand seems somewhat unorthodox, since he has a distinct contempt for the uneducable masses, and feels that George made his

fatal mistake in trying to appeal to them.)[3] For as a political theory addressed to a technological society it is unquestionably as enticing and as visionary as a mirage. (Perhaps syndicalism should be excepted here.) And in some measure the same judgment must unfortunately be placed upon the traditional "liberal crowd" of the late '90's among whom George found such strong support. It was a Jeffersonian "individualism" coupled with a burning hate of "the shame of the cities" that served to tie together men like Hamlin Garland, Brand Whitlock, Tom L. Johnson, William Dean Howells, Louis F. Post, Lincoln Steffens, and a host of others during the great liberal reform era of the Bryan and post-Bryan days. Now, there is much in Henry George that testifies to the "individualism" many of his modern followers are now thumping so loudly. Passage after passage can be quoted in which he attacks "socialism" and praises the genuine economic competition that would follow the breaking of land monopoly. Yet nearly every anti-collectivistic sentiment expressed by George followed his bitter political squabbles with the socialists which accompanied the collapse of the United Labor Party in 1889.

The Party had backed George in the New York mayoralty election three years earlier when he was barely defeated by Tammany Hall (actually George received a majority of the votes, but the deciding ballot boxes, according to later testimony, were carefully deposited in the East River). George's support came from a powerful but amorphous collection of all the left-wing elements in the city, and the inevitable dissolution of its popular front called forth the usual unpleasant bickerings. This does not mean of course that George's ideological differences with American and English socialists, with whom he debated violently for many years, arose from a political clash; but it seems significant that before 1886 he appeared indifferent to the tags people put on him. And it must be remembered that his major books were published before that date. For example, in *Protection or Free Trade* he could write:

> The term "socialism" is used so loosely that it is hard to attach to it a definite meaning. I myself am classed as a socialist by those who denounce socialism, while those professing themselves socialists declare me not to be one. For my own part I neither claim nor repudiate the name, and realizing as I do the

[3]Since this was written several articles by Mr. Nock have appeared, and in them he has taken the first steps down a path which must unquestionably be called a fascist one.

> correlative truth of both principles can no more call myself an individualist or a socialist than one who considers the forces by which the planets are held to their orbits could call himself a centrifugalist or a centripetalist. . . . In socialism as distinguished from individualism there is an unquestionable truth—and that a truth to which (especially by those most identified with free-trade principles) too little attention has been paid. Man is primarily an individual. . . . But he is also a social being, having desires that harmonize with those of his fellows, and powers that can be brought out only in concerted action. There is thus a domain of individual action and a domain of social action. . . . And the natural tendency of advancing civilization is to make social conditions relatively more important, and more and more to enlarge the domain of social action.

During his phenomenally successful lecture trips through England and Ireland in the early '80's, which did so much to crystallize British left-wing forces, he was universally—and apparently without his objection—introduced as the "great American socialist"; and even Teilhac's recent (and very careful) book refers to George's "socialism" as "pre-Marxian, rationalistic, humanistic, and universalistic."

It is futile to argue what ism has the most proper claim upon Henry George. Our semantics friends have a clear illustration here of the absurdity of many abstract terms. And it would be equally futile to predict George's position were he alive today. That prediction would depend entirely upon the basic assumptions and interpretations which a Georgist might apply to the current social scene. But it seems certain, at least to the present writer, that George would scarcely approve of the unabashed Republicanism and pink-baiting that are professed by some of his followers today. Even more certain is it—regardless of whether George was an "individualist" or a "socialist"—that his permanent influence in American social thought will be in those very circles that are now being alienated by such right-wing tactics.

A more theoretical argument may be introduced in this connection. It is true that George made a notable attempt to distinguish between earned and unearned income and an even more notable distinction between the ownership of land and its use. He could oppose "land nationalization" in a memorable passage in which he held that

> I do not propose either to purchase or to confiscate private property in land. . . . Let the individuals who now hold it still retain, if they want to, possession of that they are pleased to call *their* land. Let them continue to call it *their* land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we take the kernel.

The kernel, of course, is economic rent. To be sure, earlier in *Progress and Poverty* George also had written, "We must make land common property," a sentence which right-wing Georgists must strain at. Actually, however, the distinction between shell and kernel is an oversubtle one. For if one hundred per cent of land value were taken by the government in taxation, land would have no selling price. The market price of land depends upon its return, upon its ground rent; if all of that went into public channels, it is clear that the market price would fall to zero. (This is the reason why some followers of George insist that not all of the ground rent be collected, so as to preserve the functions of a real estate market.) In any case, it would appear that the socialization of rent or of land value is different from the socialization of land in only a Pickwickian sense. (The semantics people do not do sufficient justice to Mr. Pickwick.) That men should be tenants of the state rather than of private landlords must be the inevitable outcome of a rigorous "single tax." This would still be quite different from the socialization of other avenues of production and distribution, and there certainly is no attempt here to interpret George as a collectivist in his fundamental thinking (although he did wish to extend government ownership to all public utilities); but many Georgists seem to blink the fact that a government which collected the land values of a country like the United States—if a constitutional amendment ever made that possible—would have a staggering political control of the nation's economic life. Despite Mr. Nock, a government which followed Henry George would be socialistic, not laissez-faire.

Even George seemed to recognize this point when, in his last work, *The Science of Political Economy,* he protested against the change of "political economy" to "economics." He wrote:

> Political economy, therefore, is a particular kind of economy. In the literal meaning of the words it is that kind of economy which has relation to the community or state; to the social whole rather than to individuals. . . . Some recent writers, indeed, seem to have substituted the term "economics" for political economy itself. But this is a matter as to which the reader should be on his guard.

This very same point is being made today; perhaps "political economy" should never have been abandoned.

* * *

Henry George's most unequivocal success has rested upon the idea, sometimes only the phrase, of "progress and poverty." Even Nicholas

Murray Butler once delivered a commencement address using this theme, the phrase, and George's name. But the idea has become so commonplace that, in taking it for granted, we have tended to neglect George's almost revolutionary eloquence and his pioneer position in making Americans conscious of the tragic anomalies of technological culture. True, in recent days a few modern writers have begun to quote from him again. Yet in his philosophy of history George's reception has closely paralleled that of Marx—philosophical doctrines which at first are anathema become so generally accepted that everybody knew them all along and what's all the shouting for?

In his more technical economic suggestions, George has been least successful. Here again there is a similarity with the Marxist system, extending even to identical unpopular ideas, e.g., a labor theory of value. George's emphasis upon the land question, for instance, has had to fight that whole fundamental shift in modern theory which has turned its attention to the intangibles of economics, to accountancy and financial manipulation. This shift is unquestionably of overpowering significance and there can be no escaping the portentous trends which such a reorientation has disclosed, above all the dangerous separation of industrial ownership from industrial control and the consequent relocation of monopoly power in a fiscal and investment area. Yet, without repeating our earlier arguments, it still seems as if the forest is being ignored for at least some of the trees, as if wide-sweeping perspectives and horizons—those outlined by the land question—are being unconsciously foreshortened and blurred. George's particular economic program is still insufficiently understood or appreciated.

There should, however, be no misunderstanding or lack of appreciation of his place in American progressive thought. Whether or not he was "one of the world's great social philosophers, certainly the greatest which this country has produced," as John Dewey declares him to be, he was a prophet—a revolutionary prophet—of social change.

SOME ECONOMIC COMPULSIVES:
Notes for an American Progressive

By J. DONALD KINGSLEY

IT IS INCREASINGLY OBVIOUS that the source of the world crisis is the widespread reactionary attempt to confine the progressive forces of industrialism within a bastille of archaic economic and social relations. So difficult is such confinement that it can be accomplished only by the most violent means and then for no more than a brief period of time. In the long run the bastille must itself be destroyed and its place taken either by a more repressive structure, as in the case of fascism, or by institutions which will liberate the potentials in the machine process. These are the real alternatives; not the preservation of the bastille. For as the the Temporary National Economic Committee has observed in its final report, "economic power that becomes so great that it can regiment men enjoys but a temporary triumph, for eventually, by its restrictive policies, it invites and makes inevitable its own subordination to arbitrary political power."

The fascist alternative, men of good will must everywhere reject. It implies frenetic nationalism, a declining standard of living for all the people, ruthless suppression at home, and war abroad. It sucks its inspiration from the cesspools of the past and it creates, only the more effectively to destroy. None can regard it with hope for it faces backward. It is the wave of the past risen to confound the present.

But there is also a wave of the future and its silhouette can be perceived by all but the guardians of vested interests. The new order is still to be forged in the crucible of history, but its outlines have been broadly determined by the economic imperatives of industrialism and the humanitarian aspirations of democracy. For the shape of a new society is governed in part at least by the development of the old. Not even the most revolutionary social order breaks cleanly with the past and that which is now emerging will prove no exception to the rule. The web of history is never cleanly rent and new institutions arise from attempts to eliminate

contradictions in existing ones. Most often those contradictions are between what men habitually view as possible and what existing institutions permit them to achieve. For in the long run, social organization must conform to the considered aspirations of those it serves. Thus, we can think about economic reconstruction in no less than two major dimensions: on the one hand we must consider the technological compulsives; on the other, the ends to which men reasonably aspire. To neglect either is to falter in analysis.

Those aspects of the modern productive system which are impelling us toward a new world order and which must in large measure determine its character may be briefly summarized as follows: 1) modern production is essentially collective; 2) it is large-scale production involving enormous fixed costs, the burden of which can be reduced only by maintaining industrial activity near capacity; 3) it is geared to mass consumption and therefore depends upon the ability of the masses to consume; 4) it is production for a future market and therefore depends upon planning and upon a reasonable degree of social stability; 5) it rests upon a world-wide base in respect to capital, technological skills, raw materials, and markets.

These are the sources from which spring the economic compulsives of our times. This is the framework within which we may hope to realize the aspirations of the common man for a full utilization of our productive resources in both men and machines and for an equitable and adequate supply of goods and services to all. These are the imperatives upon which we must base progressive economic policy. In respect to each of them today there are significant stresses or major dislocations occasioned by the restrictive influence of antiquated economic institutions. In respect to each of them progressive potentials are being repressed or distorted in order to maintain an increasingly narrow ruling class in the possession of economic power. In the process, democratic institutions are sorely strained. For the existence of an irresponsible economic oligarchy is intolerable in the democratic state. Democracy, as the Temporary National Economic Committee has emphasized, "cannot endure when the natural person cannot shape the policies and activities of the collective agencies which control all the materials of his economic life." Yet that is the situation under monopoly capitalism today, as the researches of the Committee eminently prove.

It is sometimes suggested that industrialism and democracy are incompatible. I do not believe that this is true. Industrialism, freed from its pecuniary strait jacket, could provide, indeed, an ideal economic shell for democracy. For the machine process is essentially a leveler of men and a purveyor of plenty. What is clearly incompatible with democracy is monopoly capitalism. The real divergence today is between the concentration of economic power on the one hand and the diffusion of political power on the other. It is between economic oligarchy based on privilege and political democracy rooted in equality. The point is important, for it becomes daily more apparent that democracy can survive only if all of the organizations through which men seek to realize their social ends are democratically controlled. It is impossible to be a democrat today and to accept the prevailing pattern of economic privilege. Either that pattern must be altered by majority political action or the majority will almost certainly lose even the vestiges of political power. No other conclusion can be entertained upon the basis of the history of the last decade. No other conclusion can be supported upon the basis of an analysis of our economic system.

I

That our present system of production is collective in form is so obvious as to need no demonstration. Even the manufacture of a bolt is a vast cooperative undertaking, demanding the coordination of a whole series of processes and the organization (that is to say, the collectivization) of large bodies of workmen. This collectivization of labor is one of the most interesting effects of the machine process and one pregnant with significance. For the tools of an industrial society are not available to the individual laborer, as they were in earlier economic phases, but only to labor as a collectivity, as an organized group, meeting together at particular times and in particular places and performing specified and coordinated activities. Moreover, even as a collectivity labor does not control the tools with which it works but has access to them only on the sufferance of another group which owns them.

It is to be noted that ownership is also typically collective today and in some instances its diffusion has gone rather far. Thus, in the cases of the American Telephone and Telegraph Company, the Pennsylvania Railroad, or the United States Steel Corporation, the principal individual

stockholder owns less than one per cent of the outstanding stock. Enterprises so vast as these cannot ordinarily be built up or continued on an individual basis of ownership. Even the Ford Motor Company, a unique and somewhat nostalgic example of a large-scale, individualized undertaking, was financed through a difficult period by what amounted to a system of forced loans from Ford dealers. Everywhere industry today is typically large-scale and, by the same token, collectively owned.

There are, of course, striking differences between the collectivity of workers and the collectivity of owners at the present time. The latter group is, for example, very much smaller in numbers. In the United States it has been estimated that only eight to nine million people own corporate stock and the overwhelming majority of these are very small holders. About half of them, for example, have an annual dividend income of less than $100 a year. They do not, therefore, as the old story of the widows and orphans implies, live by owning. In fact, the ownership of our industrial tools is very highly concentrated. Seventy-five thousand persons, constituting only six one-hundredths of one per cent of the population, own fully one-half of all the corporate stock held by individuals in this country.[1]

Another significant difference between the collective workers and the collective owners appears in terms of their functional relationship to the industrial process. That of the workers is close, continuing, and indispensable; that of the bulk of the owners is remote, intermittent, and dispensable. For the collective owners do not, as a rule, control modern industry. Indeed, as the financial editor of the *Chicago Daily News* has said, "taking industry as a whole, the method of using proxies gives the average stockholder about as much chance to express an opinion as a Chinaman would have of choosing the President of the United States." The control of modern industry is overwhelmingly the prerogative either of a few minority stockholders or of management. The role of the collective owners is normally limited to the occasional supply of money capital. But this function can be performed even more easily through taxation, as, indeed, it has been increasingly in recent years.

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[1]Temporary National Economic Committee, Monograph No. 29, *The Distribution of Ownership in the 200 Largest Non-financial Corporations* (Government Printing Office, 1940), p. xvii.

The disfranchisement of the small stockholder has, of course, led to an even greater concentration of economic power than the figures of stock ownership would suggest. This is clearly revealed in a study made of the nation's 200 largest nonfinancial corporations for the Temporary National Economic Committee. These 200 industrial giants represent, in terms of assets and earning power, somewhere between two-fifths and one-half of American industry. Over eight per cent of their stock is owned by thirteen family groups. This is a very large part of American industry for thirteen families to own, but they control through this means a very much greater share. Indeed, three families—the du Ponts, the Mellons, and the Rockefellers—control through their holdings some eleven per cent of the assets of the two hundred corporations. These three groups alone dominate fifteen of the largest industrial giants in the nation.

That is not to say that they own them outright, for such ownership is no longer essential to control. In the case of the du Ponts, for example, the family owns directly or indirectly 43.9 per cent of the voting stock of E. I. du Pont de Nemours and Company. This block gives them "unassailable control," since "it would be practically impossible for any other interest group to acquire a larger block in a corporation so heavily capitalized."

E. I. du Pont de Nemours and Company owns in turn 23 per cent of the common stock of General Motors Corporation. Since this is by far the largest block in existence and the stock of the Corporation is widely distributed, this 23 per cent ownership gives control. Finally, the family owns 15.7 per cent of the common and 6.5 per cent of the preferred stock in the United States Rubber Company, which gives them working control of that.

The Rockefeller sphere of influence shows even more strikingly the possibilities in minority control. The Rockefeller family owns less than twenty per cent of the stock in the Socony Vacuum Oil Company, the Ohio Oil Company, and the Standard Oil Companies of New Jersey, Indiana, and California. Yet because the remainder of the stock is widely distributed, the family "seems to be in effective working control" of these five corporations with aggregate assets of nearly $4,500,000,000.[2]

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[2] *Ibid.*, Chapter VII.

These are typical, if striking, examples of minority dominance. The diffusion of ownership has everywhere led to concentration of control. This is not, however, an illustration of any "iron law of oligarchy," as fascist writers are inclined to interpret it. Collective control is possible where there is equality of voting power. But corporate voting power today varies in terms of the extent of the individual financial commitment. The result, as TNEC investigators discovered, is that "in the average corporation, the majority of voting power is concentrated in the hands of not much over 1 per cent of the stockholders."

The broad implications of this concentration of control are too evident to require much elaboration. The machine process has deprived the worker of his hand tools, while control over access to the modern machine tools upon which his livelihood depends is concentrated in the hands of an infinitesimal part of the population. A new aristocracy has emerged whose powers far exceed those ever possessed by the landed proprietors of the past. Yet there are many striking parallels. The landed aristocrats perpetuated the power of their class through the institutions of primogeniture and entail. By these means the great estates were kept intact and they constituted therefore the center of the first attack by Jefferson in his efforts toward an egalitarian democracy. The financial aristocrats of the present day have similar devices: trusts, family holding companies, estates, by means of which beneficial ownership and voting control are separated. Economic power, in the form of voting control is kept intact, while beneficial ownership is diffused among the family heirs. About half of the large share-holdings of individuals in the 200 corporations intensively studied for the TNEC were represented by trust funds, estates, and family holding companies, and the study clearly revealed "the importance of these instrumentalities for perpetuating the unity of control over a block of stock held by an individual or members of a family."[3] The old adage, "from shirtsleeves to shirtsleeves in three generations," is no longer true, if, indeed, it ever was. Industrial estates today are kept intact as landed estates were in the past and prevailing inequalities are not only perpetuated but accentuated. Of the three largest family interest groups in America today, all are either in the third generation or partly in the second and partly in the third. Economic power has become hereditary.

[3] *Ibid.*, p. xvi.

The financial titans share their power today with the new functional group of managers. The separation of ownership and control has proceeded even farther in our economy than the extent of minority dominance would indicate. The old-fashioned capitalist-manager is no longer a typical figure. Outside the shrinking sphere of small business he is as rare as a dodo. He has been replaced by the professional manager who seldom owns any considerable share of the modern corporation. Officers and directors combined hold no more than six per cent of the common stock of the 200 largest nonfinancial corporations and such ownership is "virtually nonexistent in a large section of our economy." Yet, the "most common form of control among large corporations" today is management control.[4]

Managerial control rests primarily upon three bases: the diffusion of stock ownership, control of the proxy machinery, and ideological identification with the owning classes. Two of these are technical and one is psychological. Thus the diffusion of stock ownership among thousands of individuals widely separated in space makes it difficult for the stockholders to coalesce or to exert any real influence on policy. It is to be noted that this absence of contiguity is another important difference between the collective owners and the collective workers. The physical difficulties in the way of attendance at annual meetings serve to emphasize the importance of the proxy machinery. This is controlled by management which chooses the proxy committee and can by this means ordinarily assure its own continuance in office. The relationships involved are not unlike those existing between Hitler and the German Reichstag.

The strategic position of management based upon these technical factors has been taken by some to indicate the probability of a "managerial revolution." The proper analysis of this question would require an article in itself. But it should be emphasized here that technical factors alone are insufficient to account for the extent of management control today. The widely publicized success of the Rockefeller interests in ousting Colonel Stewart as head of the Standard Oil Company of Indiana, despite his control of the proxy machinery, is a case directly in point. Other and more subtle considerations contribute to managerial dominance. Chief among these is the ideological and financial identification of the managerial group with the large owning classes. On this point it has been said that "major

[4]TNEC Monograph No. 11, *Bureaucracy and Trusteeship in Large Corporations* (Government Printing Office, 1940), pp. 12 and 21.

stockholders and the managers of the large corporations ordinarily get along very well together. It is probably safe to assume that these major stockholders obtain substantially what they want if the corporation and the management have the wherewithal."[5]

On this point there is a considerable amount of presumptive evidence in terms of the beneficial treatment of various groups involved in the industrial process. Total industrial payrolls, for example, have been shrinking with more or less constancy since 1920. Even in the boom year of 1929 they were below the 1920 level, while payments for dividends and interest were nearly eighty per cent higher in 1929 than in 1920. Moreover, in the early years of the depression the workers' share of industrial income fell "faster and deeper" than that of the owners, while in the period of recovery dividend payments increased much more rapidly than did wage payments. In 1937, indeed, while there were still ten or twelve million unemployed, dividend payments reached an all-time high. Obviously the policies of management were favoring the stockholders over the employees. To this fact, there was a single exception. For managerial salaries behaved strikingly like dividend payments. In the period from 1923 to 1929 the compensation of officers rose relatively three times as much as the compensation of other employees. From 1929 to 1933 their compensation declined less precipitously than that of other employees; and from 1933 to 1937 it once again increased more rapidly. Thus, managers are the first employees to benefit in prosperity and the last to suffer in days of adversity. "Not only has management been considerate of the stockholder," concludes a TNEC investigator, "it has been considerate of itself."[6]

The most important point in respect to managerial control would seem, then, to be the identity of outlook and interest between management and owners. Managers, by and large, control through sufferance and they are left in control only so long as their actions serve the interests of the large minority stockholders. There are, of course, exceptions to the rule. But generally speaking, corporation managers today stand in much the same relation to our financial aristocracy that professional ministers of state bore to the landed aristocracy of the past.

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[5]*Ibid.*, p. 113.

[6]TNEC Monograph No. 7, *Measurement of the Social Performance of Business* (Government Printing Office, 1940), pp. 57-60.

The picture, so far as we have sketched it to this point, may be summarized as follows. The machine process has necessitated the collectivization of both labor and capital. But whereas the collectivization of labor has resulted in a functional and cohesive group of workers, the collectivization of ownership through prevailing institutional forms has resulted in its atomization. In the process a very small group of minority stockholders, or of managers acting in their interest, has gained control of industry. Berle and Means in their study of the 200 largest nonfinancial corporations found that eighty-eight per cent of them were dominated either by management or by minority stockholders.[7] Thus, neither the collective workers nor the collective owners control industry today. That is the prerogative of a little group of men who are responsible to no one but themselves.

The implications of this are too far-reaching to be dealt with in detail. Some of them will become apparent as we proceed. But the Temporary National Economic Committee speaks in its final report of "the simple tenet of our political and economic creed that all power originates in all of the people and not in any part of them, however numerous, however powerful or able, any given part may be. . . ." The language has a quaint and archaic ring in view of the facts of our economic life. For the people have been deprived of power over the conditions of their very livelihood. A barrier has been erected between the worker and his tools and the farmer and his land, while the owners of property have been effectively shorn of the functions of ownership.

That these are not the inevitable results of collectivization is perfectly obvious. That they deny the progressive potentials in industrialism is equally obvious. The group character of the industrial process provides a natural foundation for the development of group controls and for the collective determination of policy. The factory affords a natural economic constituency, as the Russians have correctly recognized, whatever may be said of the political "centralism" which has accompanied that recognition. The bases for a cooperative commonwealth are apparent in collective ownership and collective operation. But the possibilities for economic self-government are thwarted by a financial structure which has made privilege and autocracy the keystone of our society.

[7]Adolph A. Berle, Jr., and Gardiner C. Means, *The Modern Corporation and Private Property* (New York, 1932), p. 94.

II

The collective character of modern industry is, of course, a function of its size. The modern productive unit is typically large-scale, requiring the mobilization of vast numbers of workers and investors for its operation. The bases of this development are both financial and technological, with the latter, perhaps, predominant. For large-scale units operate, as a general rule, with greater efficiency than smaller units. Be that as it may, the fact is that our economy is increasingly dominated by huge industrial enterprises and that public policy must therefore be fashioned in the light of this fact. In 1909, for example, at the peak of popular apprehension over the trust, the 200 largest nonfinancial corporations controlled about a third of the assets of all such corporations. But by 1933 industrial concentration had proceeded to a point where "the physical assets of the 200 giants constituted about 60 per cent of all those held by nonfinancial corporations, about half of the total industrial wealth, or about a fifth of the total national wealth."[8]

Another indication of the dominant role of large-scale enterprise is provided by employment figures. Approximately half of the nation's workers are employed by 1 per cent of the nation's employers, while at the other end of the scale, half of the nation's employers utilize only 4 per cent of the nation's workers. Thus the actions of 1 per cent of employers in respect to such matters as wage conditions have as much effect upon our national economy as the actions of the remaining 99 per cent of employers.

The growth of large-scale enterprise has inevitably resulted in a concentration of control over output and in the eclipse of the free market. Indeed, in many instances that was the object sought, for businessmen typically aspire to monopoly. But whether consciously sought or not, the result has been the same. In crucial areas of our economy today, one or a few firms possess a virtual monopoly and monopolistic competition has superceded any other form. That is true in such basic commodities as aluminum, copper, zinc, and iron ore. It is true in the manufacture of automobiles and tin cans and corn binders. It is true in the production of steel and plate glass and cigarettes. Indeed, industries in which the four largest concerns make over 50 per cent of the total number of manufac-

[8]TNEC Monograph No. 11, *op. cit.*, p. 4.

tured products account for 39.4 per cent of all American industries.[9] Such dominance permits, as the TNEC discovered, monopolistic controls over both prices and output.

The result is the decline of free competition and its replacement either by outright monopoly or by monopolistic competition. Either result marks the eclipse of the free market and the elimination of those automatic social controls which exercised so great a fascination for the classical economists. To be sure, such a condition is not yet universal in our economy. Certain sectors, such as agriculture, remain highly competitive and accordingly suffer in comparison with the "managed" sectors. There are still large areas of small business where competitive conditions prevail. But the trend is clearly in the other direction and the monopolistic sectors have become dominant. This is the meaning of the problem of "sticky" prices. Where competitive factors are operating, prices characteristically exhibit flexibility. Under monopoly conditions they are "managed" and tend toward inflexibility. The relative rigidity of the industrial price structure throughout the years of the depression bears witness to the extent of monopoly influence in our economy.

It is obviously impossible, within the scope of this essay, to deal with the implications of this change from free competition to monopoly or monopolistic competition. The subject has given rise to a formidable body of theory. Nevertheless, one or two considerations may be emphasized. First, and of great importance from the standpoint of our analysis, is the fact that whereas competitive conditions tend toward a maximization of production, monopoly conditions, within the existing financial framework, tend toward the restriction of production. Under monopoly those incompatibilities between business and industry which so fascinated Thorstein Veblen become irreconcilable. The business of industry is to produce goods and the social investment in machine tools demands that production be continuous. But the business of business is to produce profits and the production of goods is limited by this fact. The financial relations of business demand that "conscientious withdrawal of efficiency" which Veblen found so conspicuous a feature of our economic order and which he termed "business sabotage."

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[9]TNEC Monograph No. 22, *Technology in Our Economy* (Government Printing Office, 1941), p. 195.

This contradiction was particularly obvious during the years of the Great Depression. It was neither the absence of need nor the technical inability to produce which led us to utilize only a small share of our industrial capacity in those years. The industrial machine was stalled for pecuniary, not for industrial, reasons. Indeed, as the evidence submitted to the TNEC conclusively shows, deliberate sabotage of production as a means to price maintenance has been a characteristic feature of monopoly capitalism. Nor is such inefficient restriction of output confined to periods of depression. Under existing economic arrangements, as Professor Sumner Slichter of Harvard has said, "most enterprises must *normally* restrict output in order to maintain solvency."

The extent of our incapacity to utilize existing industrial facilities varies widely from time to time and from industry to industry. For the system as a whole, however, even conservative studies show that average unused practical capacity was about 20 per cent of total capacity in 1929 and about 40 per cent in 1934.[10] This condition is not, of course, wholly attributable to monopoly factors. Maldistribution of purchasing power is of even greater importance, as we shall indicate later. But the situation stems directly from the whole pattern of economic concentration in which monopoly is a dominating figure.

The loss in national income occasioned by such failure to utilize productive capacity is staggering. Even in the boom year of 1929, according to the conservative estimates of Harold Moulton and the Brookings Institution staff, we might have added $15,570,000,000 to our collective income. Other investigators, starting from the point of serviceability rather than vendibility, put the loss at more than twice this figure. Indeed, Harold Loeb (in his *Chart of Plenty,* 1935) estimated that we were failing to utilize up to two-fifths of plant capacity and that we had the technical resources to produce an average family income of $4370 a year. If the purpose of economic organization is to supply the maximum in goods and services to the people—and it is certainly difficult to justify any other—that purpose is obviously not normally fulfilled under existing conditions. To be sure, the government can galvanize the system into some sort of action, as it has been doing under the defense program. But it is to be noted that the rules of the game as it is played at present only permit us to achieve

[10]H. G. Moulton, *Income and Economic Progress* (Washington, 1935), p. 22.

high levels of production in respect to battleships and cannon, and not in respect to houses or other goods for consumers.

The development of large-scale enterprise and, consequently, of monopoly seems to be an inherent feature of the machine process. Nor are its results confined to the industrial sector of our economy. We already have our "factories in the fields," to borrow Carey McWilliams' telling phrase, and the food processing industries are among the most highly concentrated in the nation. The machine has reached the farm and even agriculture is becoming a large-scale enterprise, as the rising tide of farm tenancy bitterly testifies. Commercial farming and subsistence farming have increased side by side. The independent farmer is slowly being reduced to peasant status. In 1880, 25.6 per cent of all the farms in the country were being operated by tenants; by 1930 that figure had risen to 42.4 per cent. To be sure, agriculture does not reveal either the same degree of mechanization as industry, nor the same extent of concentration. Yet by 1929, one-half of all the farmers in the country produced 90 per cent of all the farm products sold or traded.

Large-scale units of production are unquestionably here to stay. In many industries their higher efficiency has been demonstrated. The problem, therefore, is not one of breaking up such units, but of utilizing them for the good of the public rather than for that of a tiny fraction of the population. It is the problem of freeing industrial and technological potentials from the stifling coils of prevailing financial relations. It is the problem of substituting responsible collective control for irresponsible individual manipulation.

The issue has been clearly put by President Roosevelt in the following words:

> The power of the few to manage the economic life of the Nation must be diffused among the many or be transferred to the public and its democratically responsible government. If prices are to be managed and administered, if the Nation's business is to be allotted by plan and not by competition, that power should not be vested in any private group or cartel, however benevolent its professions may profess to be.[11]

This is the challenge confronting us today. This is the central domestic issue of our times. As progressives, we must reclaim the nation's industry

[11] *Final Report and Recommendations of the Temporary National Economic Committee,* 77th Cong., 1st sess., Senate doc. No. 35, p. 15.

for the nation's people. That is a primary condition of any sane settlement of the problems of the postwar world. Until the American economy is put in order, that of the world will continue to falter. We must begin now the struggle for economic democracy at home. In the process we will release productive forces which will again restore the American dream.

III

How far we have failed collectively to realize the promise of American life is tragically indicated by the distribution of the national income. In a democracy it is axiomatic that economic gains should be mass gains. Technology is a social product and the productive increases to which it gives rise should be distributed with some degree of equity among the whole population. Increased industrial productivity should be reflected in universally improved living standards, in increased social services, and in a higher level of health and physical well-being for all the people. That this has not, in recent years, been the case is apparent to everyone. The benefits from enhanced productivity have been drained into the pockets of the owning classes, while the workers' share in income has actually declined. This fact is strikingly illustrated by data on unit labor costs. Between 1923 and 1935 such costs decreased sharply throughout nearly the entire range of American industry. That is, output per man hour increased more rapidly during this period than did average hourly earnings of labor. In many cases the divergence was striking. Thus unit labor costs declined in the iron and rubber industry by 20 per cent; in chemicals by 29.5 per cent; in rubber products by 32.2 per cent; in boots and shoes by 38.8 per cent. This trend continued, although at a slower rate, in the period 1935-1939, despite the intense union activity and the favorable labor legislation of those years.[12]

What was the effect on prices of this decline in labor costs? Was the differential passed along to the consumer? In some instances it was. But in important sectors of the economy—those dominated by "concentrated" industries—no such thing took place. Prices remained firm while labor costs markedly declined. In so far, therefore, as there was no shrinkage in markets occasioned by the smaller share of income available to labor, there was a corresponding increase in the share going to stockholders. In the concentrated industries, the gains from technological improvement

[12]TNEC Monograph No. 22, *op. cit.*, pp. 148-150.

were not being shared among all classes of the population, but were being appropriated by a small class of owners. As an investigator for the TNEC put it, "the manufacturers' toll upon consumers has kept pace with production and . . . they have paid out an increasing percentage of that take in dividends and interest and a decreasing percentage in payrolls. . . ."[13] The point is important, for it has a direct bearing not only on the distribution of the collective income, but upon technological unemployment and the industrial crisis as well.

By any standard, the distribution of the national income must be viewed as grossly inequitable. The income level of millions of our citizens is inexcusably low. In 1935-36 nearly a third of our income recipients took in less than $750. Twenty-seven million of them, or two-thirds, had incomes under $1500. And for contrast, the aggregate incomes of the top one-half of one per cent equalled those of the bottom thirty-two per cent. Now such a distribution of the fruits of a productive system is not only inequitable and unjust; it is also subversive of the productive system itself. For modern industry depends upon mass markets and these can be supplied neither by the affluent one-half of one per cent at the top nor by the penniless masses at the bottom. Of course, this fact can be obscured for a time by installment selling at home and the dumping of goods abroad. But in the long run the industrial machine must be stalled for lack of consumer purchasing power. Such a breakdown has, of course, nothing to do with industry. The same productive plant remains available for use, and the same skilled man power, as before the collapse. The failure is not one of production, but of distribution. It is financial, not industrial.

This is the most glaring contradiction in our economic system today. For that system destroys the market upon which it feeds. Nor should we be misled by any war boom into thinking that this difficulty has been overcome. An armaments boom is almost the only type of boom possible at present, for the problem of distribution is then solved by a decrease in available consumers goods and an increase in the proportion of production absorbed by the state. Few, however, would view this as a desirable permanent settlement, although it has become a normal aspect of Nazi economy.

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[13]TNEC Monograph No. 7, *Measurement of the Social Performance of Business* (Government Printing Office, 1940), p. 57.

The narrow concentration of ownership and monopoly conditions are the principal sources of the maldistribution of income from which our productive system so obviously suffers. After a careful analysis of the composition of individual incomes, Adolph J. Goldenthal reported to the TNEC that "the relationship between the concentration of income and industrial monopoly has tended to be interacting and cumulative." And, at another point: "The distribution of income in recent times reflects the existing monopolistic elements in the economy and, through the transmission of wealth derived from earlier monopolistic situations, the elements of industrial monopoly that have prevailed in the past."[14]

The relation of ownership to the distribution of income can be shown statistically. Thus, in 1935, persons with incomes of $5,000 or under derived only 13.6 per cent of those incomes from property ownership. Of course, the masses of the people derived no income whatever from this source. But at the other end of the scale, income from property accounted for 78.6 per cent of the incomes of persons receiving $100,000 to $500,000; 94.2 per cent of those persons in the $500,000 to $1,000,000 bracket; and 98.5 per cent of the incomes of persons receiving $1,000,000 or over.[15] Thus the higher incomes are derived increasingly from stock ownership and it is this factor which most seriously distorts the pattern of distribution. The recipients of such high incomes clearly constitute the "kept classes," to use Veblen's acid phrase. Their holdings constitute a continual drain on the collective fruits of industry and their preferred status operates as a brake on productive activity.

The picture, in summary, is clear-cut. We have the technical resources to support all our people at the comfort level. Man's age-old struggle with a hostile environment has ended in victory. But the fruits of victory have been stricken from the hands of the common man. They have, instead, been monopolized by a few who employ them for their own private benefit. But private benefit no longer makes public good, if, indeed, it ever did. A high concentration of ownership, leading in turn to gross differences in income, makes it impossible to utilize the productive resources at our disposal. The dream of plenty evaporates in the breath of privilege. The realities continue to be privation, insecurity, and war. It is as true today

[14]TNEC Monograph No. 4, *Concentration and Composition of Individual Incomes, 1918-1937* (Government Printing Office, 1941), p. 1.

[15]TNEC Monograph No. 4, *op. cit.*, p. 48.

as it was in 1919, when Veblen was writing *The Engineers and the Price System,* that the "physical salvation" of the people must wait on the "pecuniary salvation" of the owners of corporate securities. Indeed, the intervening years have increasingly emphasized the uneasiness of the marriage between business and industry.

IV

We have noted the increasing tendency for large areas of economy to be "managed." Administrative control over policies affecting prices, production, and employment is a characteristic feature of large-scale enterprise. Such controls are, indeed, an inevitable accompaniment of the machine process. Modern production is roundabout, requiring the co-ordination of innumerable units and processes. It is, moreover, production for a future market. That is, the commodities that go into production today may not be available to consumers for months or years to come. Both factors make industrial planning necessary. The modern producer has to estimate his labor, raw material, and other needs far in advance and to relate them to a future consumptive demand. Planning is an essential element in the industrial process and planning can be made effective only in terms of controls.

There may be, however, two major objections to the types of planning and control to which our present business system gives rise. One has to do with the ends of these activities, the other with their technical inadequacies. On the first point, it is obvious that the purpose of business planning, the end which is never lost to view, is that of profitable sales. Such planning as we now have does not aim at maximum production. Indeed, as we have seen, its focus may be quite the opposite and, under present arrangements, usually is. The beacon of business policy must always be vendibility, rather than serviceability. This is perfectly obvious and springs from the necessity of making a profit for the owners of the business. No one can be blamed for this. It is a characteristic of the system. But it tends to mean that the more business planning we have, the less goods and services we get.

Indeed, the astigmatism of the business manager, produced by continued contemplation of the interests of the stockholders, is seriously reflected in the results of his planning. For it tends constantly to defeat even its own rather limited ends. The resultant confusion has been well described in a report to the TNEC:

> Production tends to outrun employment. Consumer funds absorbed, except in highly competitive industries such as agriculture and the service trades, tend to outrun production. Dividends and interest payments tend to outrun both payrolls and national income. A substantial part of industry, in short, seems to work constantly toward producing more and more goods with less and less labor, toward taking more and more purchasing power from consumers in exchange for less and less, toward paying out less and less to labor and more and more to stockholders and bondholders.[16]

If this be sound planning, make the most of it. It resembles, more than anything else, the careful preparations of a Japanese nobleman intent upon committing hari-kari.

A second objection to planning arrangements as they exist at present may, perhaps, achieve a wider recognition. Our economy is a closely knit and interlocking whole. Developments in one sector intimately and immediately affect those in other sectors. Yet we have no adequate means of coordinating the whole. Even monopoly capitalism is essentially anarchistic. Although there is a degree of planning within particular industries there is no mechanism for integrating the entire economy. This is a fact of increasing seriousness, for the eclipse of the free market has removed the automatic checks which once served to maintain at least a rough balance between the various parts of the system. That equilibrium has been lost, and it cannot be restored without the institution of comprehensive economic planning. As Thorstein Veblen long ago pointed out, "even a reasonable amount of collusion among the interested business concerns will not by itself suffice to carry on that moving equilibrium of sabotage that is required to preserve the business community from recurrent collapse or stagnation. . . ."

This raises directly another important point. Indirect production for a future market, which is characteristic of industrial production, demands a high degree of economic and social stability. This the business planners are unable to provide no matter how hard they try. The system gives rise to recurrent crises of increasing severity and thus to insecurity, social unrest—even to fascism and war. The business planners are, therefore, unable to realize the potentials inherent in the industrial process, first, because their aim is the maximization of profits rather than of production; second, because they lack unified control of the whole economy;

[16]TNEC Monograph No. 7, *op. cit.*, p. 108.

and third, because the business system does not lead to the social and economic stability requisite to the efficient utilization of our resources.

The lesson to be drawn from this is perfectly obvious, though it is a hard one for our modern anarchists. The evolution of technology and of our productive system has reached a point where comprehensive economic planning is a prime necessity. Such planning can only be undertaken by a central agency adequately equipped in terms both of information and of power. It cannot be left in the hands of businessmen, who are disqualified by their experience for planning for production. If anyone doubts this fact, he has only to examine the record of the dollar-a-year men in the Office of Production Management. The central agency must be staffed, instead, by trained technicians whose vision has not been blurred by the hot pursuit of profits. Such an agency must, in turn, be responsible to the whole people. That is, it must be democratically controlled. This is essential if planning is to be for the welfare of all and not for the aggrandizement of the few. Both conditions suggest the necessity of centering planning control in the national government.

V

The final point in this analysis can be dealt with rather briefly. It is obvious that the economic nationalism and imperialism to which monopoly capitalism leads also run counter to the imperatives of industrialism. The machine process is no respecter of political or class differentiations. It regards all consumers equally and is unaffected by the nationality or status of a producer of raw materials. Moreover, it is dependent upon a world-wide distribution of technological skills, raw materials, and markets. The industrial revolution has made the world a single economic unit at the very time that monopoly capitalism has led to an intensification of economic nationalism. This crowning contradiction is the prime cause of the present world chaos. Its resolution is the principal task of our generation.

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One further word should be said by way of summary. What I have been arguing in this article is that the prevailing pattern of economic relationships, rooted in privilege, is thwarting our realization of the potentials in industrialism. Technological factors have, therefore, a revolutionary impact upon existing social arrangements. But the precise nature of

that impact is not predetermined. There are, in fact, two principal alternatives through which the contradictions between business and industry may be resolved. One of these is reactionary, the other progressive. Neither, it is to be noted, can preserve the *status quo*. But the reactionary solution of our current difficulties would recognize privilege as the keystone of the social system and warp industrialism to that pattern. The task is an arduous one and can be accomplished only within the framework of a military economy, an "economy of force," such as the Nazis have developed. Moreover, the pattern of privilege itself, upon which the reactionary social structure rests, can be preserved only through the widespread use of force in domestic affairs as well as in foreign. This way lies disaster.

The progressive alternative would take a contrary line. It would resolve the contradictions by eliminating their origins in privilege. It would be shaped in terms of the imperatives of industrialism in their relation to the aspirations of the common man. Such a new order will be one in which we can fully utilize our productive resources and which will permit a steadily rising standard of living for the masses. It will be marked by democratic social planning and by a high degree of economic stability. It will assure all peoples equality of access to raw materials, markets, technical skills, capital resources, and labor. It will replace private monopoly and totalitarian collectivism with democratic cooperation and will substitute the principle of equality for that of privilege. It will make possible once more an expanding economy and a dynamic democracy.

This new economic order will not attempt to turn back any clocks but those of privilege. It will recognize the productive efficiency of large-scale collective units and will bring them under collective control. It will recognize that mass production demands mass markets and that the existence of gross economic inequalities is subversive not only of the democratic political order but of the processes of production themselves. It will be based upon the realization, emphasized by the Temporary National Economic Committee in its final report, that "economic organizations, called into existence by men to meet their material needs, are . . . justified only to the degree in which they serve the entire community." For in the long run, as President Roosevelt has said, "no people, least of all a democratic people, will be content to go without work or to accept some standard of living which obviously and woefully falls short of their capacity to produce."

LINES OF ACTION IN ECONOMIC RECONSTRUCTION

By MORDECAI EZEKIEL

"Back to normalcy" will not be adequate for a postwar economic program. It is generally recognized both here and in other countries that this is an age of rapid change in economic institutions. We refuse to accept the totalitarian thesis that economic progress can come only through revolution. But we do recognize the great unsolved economic problems of the prewar world. The democratic process of step-by-step evolutionary change may have to be speeded up greatly if it is to deal effectively with these unsolved problems once the war is over.

Modern technology has created a high and rapidly rising level of individual productive power. No country, totalitarian or democratic, has yet solved the modern problem of how to keep its people fully employed at these high levels of productivity merely in turning out the things they as consumers need. The temporary full employment achieved by Germany and Italy in recent years was made possible by unlimited military expenditures. We are now seeing how rapidly our own economy can be galvanized into action by unlimited defense expenditures. The economic problem during war time is simplified, for the appetite of Mars is insatiable. The only present problem is to produce all we can as fast as we can. The economic problem of peace is far more difficult. It involves not only high-level production but high-level consumption. Full solution of the peace-time problem embraces three things:

(1) Keeping all those who wish to work employed at useful occupations.

(2) Turning out various goods and services of the amounts and kinds that the market—mainly the workmen and their families—stands ready to buy.

(3) Providing the consumers—largely the workmen and their families—with a flow of buying power large enough and steady enough to maintain adequate markets for all that is produced.

Of these three problems only the first exists in war time. The other two come to the front only in peace time. Failure to solve those two ade-

quately was what kept one-quarter of our city workers chronically unemployed during the past decade. Methods of solving them after defense is over is the basic issue before students of economics today.

When one discusses how to deal with the peace-time problems of full production there is constant danger of being misinterpreted as attacking the traditional virtues of thrift, individual initiative, industry. To prevent such misunderstanding let us see what are the elements of economic policy on which all can agree, and then see if the proposed programs conform to those basic principles. Regardless of the form of economic organization, the following principles will, I believe, hold true:

(1) The objective of production is consumption. Men do not work merely for the fun of keeping busy but primarily to make the things they and their families need.

(2) A nation can consume only what it produces. . . . Every adult has an obligation to work and to produce as a prerequisite to sharing what is produced. "In the sweat of thy brow shalt thou eat bread" still holds true today.

(3) Labor or materials must not be wasted. Each business must operate efficiently, to produce the most it can with the resources it employs.

(4) Nations can increase their own standard of living when they exchange things that are cheap for them to make for imported products that would be more costly for them to make. A large volume of international trade lets each country or region specialize in making the things it is best fitted to produce.

(5) It takes real capital—plant, machinery, and tools—to make things, as well as labor. If we are to keep raising our living standards we will have to keep replacing the machinery and tools we have now, and making more of them. The real use of plants and tools, though, is to turn out things that people need—just providing machinery and plant is not an end in itself.

(6) Men's welfare depends not only on how much they earn but also on how they spend what they have. Many families are malnourished even though they spend enough on food to buy a proper diet. Wise use of the funds available is essential to a good standard of living.

(7) The state, as the collective agent of the people, is under similar obligation to make wise use of the resources it commands. It must make its expenditures in such a way as to get the most out of them for the general welfare of all. Public agencies, however, must also take into account the effect of their expenditures upon the welfare of society as a whole, whereas the individual cannot be expected to look beyond his own needs and resources in making his own expenditures.

These seven principles may be briefly summarized:

(1) Consumption is the objective of the economic system.

(2) Consumption cannot exceed production.

(3) Each productive unit must be efficient.

(4) International cooperation raises efficiency.

(5) Capital is essential to production, in the proper proportion.

(6) Each individual must be prudent in his use of resources.

(7) The nation must be prudent in its use of resources and watchful of the effect of its actions on the general welfare.

Holding to these basic principles, what are the problems of domestic economic reconstruction?

Defense production is expanding our employment and production to peak levels. By the time Hitler is defeated we will have no idle men and no idle plants. Somewhere between a quarter and a half of our total national output will then be directed into defense needs. When those needs cease, we will have to find other outlets for our goods, other markets for our products.

The problem we will face will be a double one. First, there will be the physical or structural problem of changing over from defense production to peace-time production, of shifting men and plants from shipbuilding to house building, from machine guns to fishing tackle, from bombers to private planes, from heavy machine products to light consumers' goods.

Second, there will be the fiscal or financial problem of expanding the size of the market, so that peace-time outlets for goods increase as rapidly as defense expenditures contract. Unless we can maintain the markets for continued full production we cannot go on producing as much as we did during war time, and defense expansion will be followed by the disastrous postwar contraction which many groups today regard as inevitable. If we are to prevent that catastrophe we must prepare to move swiftly and positively when the time comes.

There are two lines of action to maintain full production, external methods and internal methods. External and internal are used here from the way they affect individual business concerns. External controls operate through fiscal and financial steps which affect buying power directly. With their aid business would keep producing because it would find markets for all it could produce. Internal programs work through the price, wage, and production policies of individual business concerns themselves. They would establish a situation where business can keep producing because it *makes* markets for all it can produce. Both external and internal

programs involve economic planning. Both require foresight and judgment in their use. External programs, however, require this planning only in terms of fiscal or financial operations in the large, while internal programs require industrial planning which goes on into consideration and action on many matters of business operations, industry by industry or commodity by commodity. It is this detailed internal planning of industrial operation and policy which is sometimes thought of when the term "economic planning" is applied.

External methods of stimulating demand are favored by those who agree with the basic ideas of the eminent English economist, John Maynard Keynes.[1] These include Alvin Hansen,[2] Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, Lauchlin Currie, and many others.[3] Briefly, these ideas center in the point that the profitable use of private funds for new investment is limited, and that in the past as national income has risen to high levels the amount of money which income-receivers set aside as new savings has tended to exceed the amount of money which could usefully be employed in new investment. In consequence of this fact whenever national income has risen near to the point of full employment (in times of peace) a portion of the total buying power has accumulated unspent in hoarded savings; the markets for the product have been inadequate to absorb the current production; and a depression has followed which reduced both production and employment. This phenomenon has been heightened by certain short-time movements of business inventories and of consumers' credits which have intensified the savings both up and down.[4] These theories relating to income and investment explain why it is possible for savings and private investment

[1]J. M. Keynes, *General Theory of Employment, Interest, and Money* (New York: Harcourt, Brace & Co., 1936).

[2]Alvin Hansen, *Fiscal Policy and Business Cycles* (New York: W. W. Norton, 1941).

[3]Temporary National Economic Committee, *Hearings,* Part 9, "Savings and Investment" (Washington: Government Printing Office, 1940); and *Saving, Investment, and National Income,* Monograph No. 37 (Washington: Government Printing Office, 1941).

[4]Statistical studies of these phenomena by the present author confirm the general basis of the Keynesian theories and suggest certain modifications in them along these dynamic lines. These studies will soon be published in a professional economic journal.

to attain a stable equilibrium at a level which corresponds to a national income far below full employment or full production. Chronic heavy unemployment can thus be a normal situation.

We can put these theories into more realistic shape by applying them to the probable situation at the end of the war. At that time we will have all employable people at work. We will be producing far more than we have ever produced—somewhere between 100 and 110 billions of goods and services a year, valued at present prices. At least 20 to 30 billions of those goods will be articles of defense—bombers and tanks, guns and shells, uniforms and ships. Not over 80 to 90 billions of what we produce will be going into normal civilian uses. When we stop spending for defense, what will happen?

Let us suppose we could divert our defense factories from war goods to those of peace. They could change from uniforms to work clothes, from military knapsacks and mess kits to hikers' gear, from giant bombers to transport planes and private aircraft, from munitions to fertilizers and plastics, from building barracks and military camps to building recreational facilities, from medical, hospital, and nursing care for soldiers to the same care for civilians, even from steel ships to steel buildings. Suppose we did solve all the technical and engineering problems of changing over from a 30-billion output of defense goods to a 30-billion output of goods for normal peace-time use. We would then be producing 110 billions' worth for peace instead of 80 billions' for consumers and 30 billions' for defense. What would happen then?

According to these theories we would be quite able to *produce* 110 billions of peace-time goods, but we would not be able to *market* them—if private industry followed the same price, wage, and profit practices it has followed heretofore in times of peace, if consumers used their incomes the same way they have heretofore, and if government followed the tax and expenditure policies either of the '20's or of the '30's. Perhaps by a temporary government subsidy we could get industry to operate on a 110-billion dollar level for a year. Businessmen would then have 110 billions from the sale of their products and would pay this out as wages, salaries, and dividends, or hold it as additions to corporate surplus. But part of the business savings and of the private savings would be hoarded, for at 110 billion dollars of national income savings would expand to much more than could profitably be invested. In the next year, if the government

subsidy were withdrawn, there would be market demand for a good deal less than 110 billion dollars of goods, and depression and unemployment would follow.

The problem of keeping up full production on a peace-time basis thus resolves itself into the problem of maintaining markets in peace time. It is technically possible to use all our productive powers making the things we need for ourselves (or which we need to send to other countries in exchange for things such as coffee, cocoa, and silk, which they will send back). Our consumptive needs are so great that we could easily consume all that we could produce. But we have not as yet devised a mechanism for making the markets for goods and services keep pace with their production—except temporarily in time of defense or war.

The external methods mentioned before offer a number of devices for modifying the situation so that buying power can be sufficient to purchase all the goods produced at full employment, so that 100 billion dollars' worth of goods and services would be sold as well as produced. These measures may be employed singly or in combination. They include:

(1) Modification of taxation policy so as to increase the funds available to consumers for expenditure. For example, removal of sales taxes, cigarette and liquor taxes, or of gasoline taxes would reduce prices to consumers and leave them more to spend on increased purchases of these or other goods. Removal of extraordinary defense taxes falling on consumers would also increase their buying power for consumption.

(2) Modification of taxation policy so as to encourage or stimulate investment. Many proposals are included here, including some to encourage risk-taking by raising the taxes on income from risk-free investment, and lowering taxes on income from risky investment. Other proposals aim at forcing savings into expenditures or investment, through various forms of taxation on inactive[5] balances or other idle funds, or other types of incentive taxation. It is not yet clear whether the holder of funds who will not be *led* to invest could be *made* to invest any more than the proverbial horse "led to water."

(3) Modification of the laws and customs controlling the investment policies of savings banks, insurance companies, and other institutional holders of funds to widen the fields where they can invest their funds and to permit purchase of equities as well as of bonds. It is agreed that such steps would increase the will-

[5]Arthur Dahlberg, *When Capital Goes on Strike* (New York: Harper & Bros., 1938); Temporary National Economic Committee, *Recovery Plans,* Monograph No. 25 (Washington: Government Printing Office, 1941).

ingness of these institutions to place their funds in new undertakings, even of a risky nature, and so would increase the volume of new investment.[6]

(4) Modifications of social security and other public insurance programs so as to increase the funds available to low-income consumers for their consumptive expenditures. Both old-age and unemployment insurance today take in, in taxes, hundreds of millions of dollars more than they pay out as benefits. Modifications of these programs to place them on a pay-as-you-go basis, by enlarging benefits, reducing waiting periods, or reducing contributory taxes, would directly increase consumer buying power and expenditures.

(5) Reorganization of local, state, and federal taxation structures so as to reduce the tax burden on low-income groups and increase the taxes on high-income groups would shift taxation from those who have to take it out of consumption expenditures to those who could pay increased taxes largely out of savings which tend to go into hoarded funds. Before the current war period, three-quarters of all tax revenues came from commodity, excise, and real property taxes, and only one-quarter from corporate taxes, individual income taxes, and estate taxes.[7] As a consequence, taxes, direct and indirect, fell even more heavily on persons with very low incomes than on those with intermediate incomes. Twenty per cent of the income of a $500-income family went into taxes, but only 15 per cent of the income of a $7500-income family.[8] Shifting much more of the tax burden from poor to well-to-do would greatly increase the consuming power of the community.

(6) If measures of these types are not sufficient to close the gap between goods made and goods sold, direct government expenditures can be used to make up the remainder of the deficit in buying power. Government can spend money in many different ways, with corresponding differences in the value received in return for the funds expended. Government can acquire the funds to be spent in many different ways. Some of these also differ in their effect upon the total economic picture. Before exploring these complications, however, it may be noted here that what is needed is *sufficient* public expenditure to close completely the gap between production and consumption. Data from previous years indicate that when defense expenditures are withdrawn and the new defense taxes on consumers are removed, private expenditures for consumption and investment are likely to rise to within 10 or 12 billion dollars of the value of the national product. More liberal taxes and social security policies as outlined above

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[6]Temporary National Economic Committee, *Study of Legal Reserve Life Insurance Companies,* Monograph No. 28 (Washington: Government Printing Office, 1941), pp. 342-378; and *Statement on Life Insurance,* Monograph No. 28A.

[7]Treasury Department, "Federal and Estimated State and Local Expenditures for General Government, Fiscal Year 1938" (Bulletin, August, 1939).

[8]Temporary National Economic Committee, *Who Pays the Taxes?,* Monograph No. 3 (Washington: Government Printing Office, 1941), pp. 29, 34-35.

(points 1 to 4) may close part of this remaining gap. Whatever is left will have to be closed by government expenditures above the usual level of government spending in peace time if full production is to be maintained by these indirect measures alone.

Ways in which public funds can be spent are almost unlimited. In line with the basic principles set forth at the beginning, especially points 1, 3, and 7, these expenditures should be so selected as (a) to emphasize self-reliant work rather than relief grants; (b) to encourage expansion in the goods and services which are most useful socially; and (c) to serve where possible to expand the future productive power of the country. With some overlapping some of the possible public expenditures may be classified as follows:

I. Expenditures creating work and increasing present or future social productivity:

- Public works (including PWA, USHA, REA, and some types of WPA projects, for example).
- Expanded social services, either under direct Federal operation or by grants-in-aid to states, for education, health, child care, and nutrition.
- Expansion of useful public services—police, fire, research, and information agencies.
- Production or subsidization of cultural or recreational projects, not otherwise feasible—theaters and operas, recreational facilities.

II. Expenditures encouraging or assisting private investment:

- Assistance or insurance in real estate or housing, financing at lowered rates (including FHA and FCA, for example).
- Payments to farmers to encourage soil conservation practices or operations (AAA).
- Loans to farmers to increase their working capital and put families on a self-sustaining basis (Farm Security operations).
- Loans to private industry, here or in foreign countries, to expand operations or develop new undertakings (RFC and Export-Import Bank).

III. Expenditures providing funds directly to needy citizens for their own consumptive expenditure:

- Direct relief grants (such as the old FERA).
- Old-age pensions (without contributions) and aid to the blind, lame, and other physically handicapped persons.
- Subsidies to farmers through crop loans or parity payments (though these have other economic adjustments tied up with them).

IV. Subsidies to increase the buying power of low-income families for particular products where surpluses are available (the food and cotton stamp plans of the Surplus Marketing Administration).

V. Direct government purchase of commodities and distribution to those in need:

School lunches.

Cotton mattress program.

Relief in kind, etc.

Without exhausting the list of possible lines of expenditure, there are apparently almost unlimited avenues for the expenditure of public funds.

The way the public funds are raised has no necessary connection with the way they are to be expended. Possible methods are as follows:

I. Within the usual pattern of public finance of the past:

(a) Increased taxation, preferably falling on upper-income groups, for the reasons already given.

(b) Borrowing on short-term notes or on bonds, as part of the public debt.

(c) Borrowing outside the budget through special publicly owned agencies, where the new liabilities are backed in whole or in part by corresponding assets in the usual manner of private business. The RFC and the FCA land banks are examples of such special means of financing for self-liquidating projects. The way the public funds are raised will have some effect on the ability of public expenditures to maintain production under one particular set of circumstances. If the supply of loanable funds is so short that taxing or borrowing by the government uses up funds that otherwise would be invested in private offerings, there is a possibility that the increase in public expenditure may cause a corresponding decrease in private expenditure, with no net gain. Such a situation would exist, however, only when the opportunities for investment were as large as the savings available for investment.

II. Beyond previous usual methods of raising funds:

(a) Direct issue of government obligations without interest.

(b) Direct issue of credit by the government, by some method of transferring the credit issuance power from private banks to the government (possibly through some such method as that proposed by Professor Irving Fisher of Yale University[9]).

(c) Direct issue of fiat money, such as "greenbacks" or other paper money.

Those who propose that the government raise the necessary funds in one of these latter ways recognize that unlimited issuance of fiat money

[9]Irving Fisher, *100% Money* (New York: Adelphi Co., 1936).

has frequently produced inflation in the past. They therefore recommend that the power of the government to create additional purchasing power in this way be strictly limited with reference to existing economic conditions, as judged by indexes of production, employment, price level, etc. The objective would be to create just enough additional money in each period to keep workers substantially fully employed and to keep national production and income running at high levels, without adding so much buying power as to cause inflation in the general level of prices. If prices started moving up generally, the levels of expenditure would be reduced until price stability was restored.

The problem of maintaining price stability under peace-time conditions should not be as difficult as it is today. Under defense we are spending almost unlimited funds for every means of defense. This involves very drastic redirection of our whole economy, with great expansions in many industries and resulting curtailments elsewhere. Production and speed are the great objectives, and cost is secondary. Many bottlenecks exist, and more are being created as expansion in one sector reveals unbalanced limitations elsewhere. The problem of preventing price inflation in the midst of this hectic drive for production is far more difficult than it would be under peace-time conditions, when speed would not be so imperative and production would be running in more familiar channels.

The goods and services we use at any time are those we produce at that time, just as every one of the airplanes and tanks we are sending over to Europe today are made by our own present generation. Our grandchildren, who so frequently are said to have to pay the cost of the present defense, will not make a single one of the bombs or torpedos exploded today. The physical goods and services made today are what count; our wealth consists in what we as a nation produce and consume. Those who argue for continuous deficit expenditure point out that the records of debt and ownership are after all only marks on pieces of paper; if the methods we have used heretofore in keeping those records do not serve to maintain maximum production of the real things, then we should shift to methods which do.[10]

[10]John Henry Büchi, *Free Money, the Way Out of the Monetary Maze* (Edinburgh: Search Publishing Co., 1933); see also Jorgen Pedersen, "Some Problems of Public Finance," *Weltwirtschaftliches Archürve,* XLV (1937), 3. (Translation by Leonard Felsenthal, available from the National Resources Planning Board.)

The external methods of maintaining full production thus embrace two general phases: (1) modification of our taxation policies and investment institutions so as to increase the proportion of current income which will be spent privately either for consumption or investment goods; and (2) closing any remaining gap between the value of goods and services produced and the total of private purchases by public expenditures in excess of public receipts.

If the first set of measures were adequate, the budget could be balanced, at least over long periods. If measures of the second sort were required permanently, we would operate continuously with an unbalanced budget.

These external methods of dealing with chronic unemployment assume that business will operate after defense in just the same ways that it operated during the '20's and '30's. Some of the business policies which have been important in this respect were as follows:

(1) The force of competition has been restricted in many commodities by the growth of large industrial and corporate units. When a few such units dominate an industry, free and impersonal competition no longer controls prices and production. Instead, the conscious decisions of men, as business executives, takes the place of impersonal economic forces in establishing or changing prices, wages, or production.[11]

(2) Under conditions of modern technology in mass-production industries, labor per unit and other costs of production fall as output rises, so that cost per unit of product is much less when they are operating at full capacity than when they are operating far below capacity.[12]

(3) Corporations tend to set their prices at such levels that they can "break even" at relatively low levels of output. Then if they are able to sell more and to operate nearer to full capacity, they generally put the reduced costs into higher profits, rather than lowering prices or increasing wages.

(4) Modern technology is constantly increasing the output per man-hour of work, on farms as well as in factories and in transportation.[13] Under effective com-

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[11]"Final Report and Recommendations of the Temporary National Economic Committee," Senate Document No. 35, March, 1941; also Edward Chamberlain, *The Theory of Monopolistic Competition* (Boston: Harvard University Press, 1938).

[12]Kathryn H. Wylie and Mordecai Ezekiel, "The Cost Curve for Steel Production," *Journal of Political Economy,* XLVIII (1940), 777-821.

[13]Mordecai Ezekiel, "Population and Unemployment," *Annals of the American Academy of Political and Social Science,* Nov. 1930; Spurgeon Bell, *Productivity, Wages, and National Income* (Washington: Brookings Institution, 1940).

petition these falling costs would be reflected in falling prices or higher wages. In industries where competition is restricted, these changes are slowed down, and a considerable portion of the technological gains are diverted to profits and dividends instead.

These various forces combine to create a situation where rises in production and employment increase the income at the upper portions of the income scale much more rapidly than they increase the income of lower-income groups. Since these upper-income groups save proportionately more than lower-income groups, the tendency of savings to outrun investment opportunities becomes even greater as national income rises.[14] Thus the data of the National Resources Planning Board show that individual savings are practically twice as great at eighty billion national income as at sixty, yet presumably it would take only one-third more investment to sustain this one-third higher level of national income.

The external measures outlined before provide various lines of public action to offset the hoarding of savings which results from the way private business operates. If business would modify its policies in such ways as itself to disburse its income less unequally, there would be less need for public action. The broader the distribution of income by business to consumers who will spend all they receive, the less need there will be for the redistribution or creation of income by public action.

Certain types of public and private legislative action have already tried to modify business policies in these directions. Private institutions have studied business policies and have urged low-price or high-wage policies.[15] Antitrust and Federal Trade Commission actions have sought to eliminate or reduce monopoly controls. The Wage-Hour Act has put a floor under certain wages. The National Labor Relations Act has encouraged collective bargaining, with its pressures toward higher wage rates, and toward enabling labor to share in increased incomes in periods of rising activity. All of these efforts together, however, have apparently made at best only a moderate change in the distribution of income as paid out by

[14]George B. Galloway and associates, *Planning for America* (New York: Henry Holt & Co., 1941), pp. 189-202, 274-278.

[15]Harold G. Moulton, *Income and Economic Progress* (Brookings Institution, 1935), pp. 117-168; Edwin G. Nourse and Horace B. Drury, *Industrial Price Policies and Economic Progress* (Brookings Institution, 1938), pp. 85-134, 250-278.

business. The problem of maintaining buying power for full production still remains to be solved by other means.

A further step in the direction of internal changes in industrial policy is possible by the use of economic planning. No matter how good their desires may be, there are now few ways by which big corporations can follow policies of low prices, high wages, and full production. If an individual corporation, or even an individual industry, were to take such action, it could not do so safely unless other major industries were taking corresponding and properly related action. If all major industries should simultaneously operate at low prices, increased wages, and substantially full production, they could both keep all workers fully employed and at the same time pay out and maintain a volume of buying power large enough to make markets for all they could produce. Of course it would be necessary for them to adjust production to what consumers would want to spend their money for, but American business is already highly skilled in doing that, as well as in making consumers want what American business does produce. As matters stand now, though, there is no practical procedure by which our major industries can operate on such a program. Lacking a practical procedure for simultaneous action, any concern or industry which attempted to act by itself would almost certainly suffer losses by doing so.

Our present experience with starting to plan business for defense may acquaint businessmen with the possibilities of joint action on production programs, and make them more willing to use economic planning after defense is over. Obviously what is needed is not a cartelization of industry with a stabilization of production and employment at low levels, as under NRA, but a vigorous planning for full production, full employment, and the levels of prices, wages, and profits which would be consistent with the maintenance of markets for all that was produced.

Without discussing the elements of such economic planning in detail, here are some steps which have been suggested in any such program of planned full production under peace-time conditions:

(1) Establishment of a common objective or goal as to the level of employment and national income to be maintained in the next production period.

(2) Industry programs for the levels of production and sales to be maintained in that period, in view of the proposed level of national income, for each major

industry, including level of production, reductions in prices, and adjustments in wages.

(3) Coordination of the program between industries through some inter-industry agency, with readjustments where necessary to secure consistency.

(4) Government underwriting of markets for the programmed production, with provisions for public purchase and temporary storage and sale of any unanticipated surpluses.

(5) Corresponding expansions in production in industries already under public regulation, including agriculture, railroads, and other public utilities.

(6) Successive programs in subsequent years, expanding levels of production as rapidly as employable population and technological efficiency rise.

(7) Formulation of industry programs through democratic procedures, including representation of all interests—business, labor, consumers, and government—on planning and administrative bodies, and democratic participation in formulation of industry and national programs through open hearings and public discussion. Democracy in consumption also to be maintained through freedom of choice by consumers. They would be free to spend their increased incomes as they saw fit; while business would adjust its product to their demands through advance planning, the use of the storage reservoirs to absorb errors or shocks, and the readjustment of programs to operating experience.[16]

Such planning of industry for peace would be more difficult than for war, for the plans would have to provide for maintaining buying power and forecasting consumer demand as well as for increasing the product. To the extent American business does prove willing to help develop and carry through a program such as this, however, it would avert the need for extensive financial operations on the part of the government such as outlined earlier. If, by planning or otherwise, business will distribute income in such a way as to provide the buying power for full production, it will be unnecessary for government to do so. If business proves unable to carry through such internal changes, then the external programs will have to be correspondingly larger.

Regardless of whether internal or external means are used, the object is the same—to maintain the volume of national production and national consumption at the highest possible level, and to use most efficiently our labor power and our technical and raw material resources. That is consistent with the basic principles stated at the beginning. Idle men produce nothing. Idle plant produces nothing. Only by keeping plant and men

[16]For more details of one such program for economic planning, see Mordecai Ezekiel, *Jobs for All* (New York: Knopf & Co., 1939).

busy can we go ahead, and the nearer we can come to keeping them busy at producing the things they themselves need and want as consumers, the more effective we will make that production in satisfying these natural needs. The higher we keep our levels of production and consumption in the United States, the larger will be our markets for the goods of other countries, and the easier will be the problems of postwar reconstruction in other countries.

After defense we can so reshape our economic institutions as to maintain full employment and full production for peace-time needs. We can do it through democracy and through capitalism. In the process we may have to modify some of our inherited ideas as to how government should carry on its financial operations, or we may have to change some of our business methods in establishing production, price, and wage policies. But regardless of whether we use one method or both in combination, this much is certain—no one, worker, farmer, employer, or capitalist, can prosper in a bankrupt society. Only by maintaining activity can there be true prosperity for anyone. And net profits, just as payrolls, can average the highest over a term of years only if we find the means to wipe out depressions and to produce for peace as effectively as we are preparing to produce for defense.

THE SHAPE OF A CONSTITUTIONAL ECONOMIC ORDER

By LEWIS COREY

THE WAR is a clash of new worlds in the making. It is a violent expression of economic changes that go beyond the old capitalism to a new economic order—one of those grand historical transitions such as the emergence of capitalism out of feudalism. The war and the fascism that provoked it arise out of democratic failure to master economic change and direct it toward a desirable social order. While the elements of historical necessity in what is going on in the world drive society beyond the old capitalism, they do not decide what the new order shall be. Our understanding and action will decide whether the new order is democratic or totalitarian.

I do not need to press the point that an economic revolution is going on. The evidence is overwhelming. In the totalitarian states, communist and fascist, the old capitalism is destroyed or modified beyond recognition. Hitler uproots capitalism throughout Europe. Great Britain is forced by war to trample ruthlessly upon its capitalist relations. In its pragmatic fashion the New Deal—first under pressure of depression and now of war—has made many modifications in the structure of American capitalism, and is making more of them. The focal point of the transformation is the state's increasing assumption of economic rights and powers that formerly were a prerogative of the capitalist.

Postwar reconstruction will be profoundly influenced by the forces that drive toward a new economic order. The immediate problem of reconstruction will be to prevent an economic collapse as industry moves from a war to a peace basis. Such a collapse would bring totalitarian dangers, despite a defeat of Hitler, as economic distress and social disintegration bring disillusionment and desperation. We must begin now, of course, to make plans to avert a postwar economic breakdown. The most important need for peaceful democratic reconstruction is to keep the economic system working. But the plans must operate within the understanding

that we are moving toward a new economic order. If in the ten years of the 1930's we were unable to overcome the depression, we shall be unable to prevent a postwar economic breakdown unless there is the clear understanding that the problem may be solved only by measures that set up new economic arrangements regardless of dominant interests and ideas.

The outlines of a solution of the economic problem are clear. We want and need a release of economic energy for full production, to get the abundance of goods and services that is now in our grasp. What stands in the way of full production? A measurable drying up of the old capitalist forces of economic expansion. The scope, severity, and duration of the depression of the 1930's—it is not yet over, let us remember, despite the productive demands of war—prove that it was not the usual cyclical depression. The old forces of economic expansion—the making of profits to invest in new production for more profits, with consumption simply a by-product—no longer work as they did in earlier stages of capitalism. There are obvious limits to capitalist expansion for profit. For as the productive forces multiply, a point must be reached where the pressure for constantly greater profits and investment for profit must disastrously upset economic balance, throw the whole economic system into crisis and limit expansion. We need a new economic balance. It calls for a relative increase in consumer purchasing power and consumption and a relative decrease in profit and in investment for profit. As consumption moves upward and profits move downward the forces of a new economic expansion are set in motion to satisfy the still largely unsatisfied consumption needs of the American people. It would bring, too, a larger output of capital goods for new production as all productive resources are used; of the $250,000,000,000 of goods and services that we might have produced in the ten depression years, but did not, roughly $35,000,000,000 might have gone into new capital goods. A solution of the problem calls for some kind of socialization of monopoly corporations, in which the profit relation must be replaced with a direct relation between production and consumption, and for economic planning.

I shall not, at this point, discuss the techniques involved in this. I want to discuss the problem of how to avoid a totalitarian transformation of capitalism. What must be the shape of a new economic order to promote the moral, human values of democracy and freedom?

II

The totalitarian corporate state is the great problem and tragedy of our age. It arises out of a transformation of capitalism that destroys the progressive potential in that transformation. Now what is the basis of the corporate state? If we pierce the ideological smoke screens—if we look at the reality in existing corporate states and in nations moving in that direction—we get what I believe is the answer:

The basis of the corporate state is a combination of all economic and political power in the state. If economic power becomes a political monopoly, the absolute state becomes inevitable.

It is too simple an approach to call for "a strong state" or "strong government" in general. It is good democratic tradition—and socialist tradition, too—to call for the use of state power to make economic and social changes. We are forced to make use of state power to break monopoly interests and to create new economic arrangements. Our problem is to make use of the state without allowing it to get too much power. For if the state combines economic and political power in *one* authority, it becomes unopposed and unopposable, the ordinary citizen is helpless in the network of bureaucratic controls, and democratic procedures and rights become empty forms where they are not destroyed outright.

Consider the Communist Revolution in Russia. It started with all the socialist ideals, the libertarian ideals of democracy and freedom. I once believed, as a Marxist, that dictatorship of the proletariat would relax and pass away; but the dictatorship grew tighter and tighter until it became a totalitarian state. Some years ago I concluded that dictatorship was to blame. But was it? The democratic revolutions—Puritan and Jacobin, and in smaller measure the American Revolution—made use of dictatorship. But the democratic dictatorships broke up to promote greater democracy. Why the differences in result? The answer, I now believe, is this: where the bourgeois democratic dictatorships limited or destroyed the combination of economic and political power in the state (the absolute monarchy) and set in motion the forces of economic freedom, the proletarian communist dictatorship brought a recombination of economic and political power in the state and destroyed the forces of economic freedom. The fascist corporate state, too, recombines economic and political power. The class-ideological pressures and forces are different but the institutional results are similar: a monopoly corporate state.

Let us recall what the economic elements of democracy are under capitalism. While democracy did not originate with capitalism and goes beyond it, capitalism witnessed the greatest historical development of democracy. The basis on which democratic freedoms and rights arose and grew under capitalism was *the separation of economic from political power*. In the medieval order the feudal lord combined in his person all economic and political power, limited only by obedience to a hierarchical superior. There was no property and economic power in the capitalist sense of independent productive property under private ownership. The feudal lord did not "own" the land: his claim to a share of its fruits came from political power which could be cancelled by a superior political power. Freedom began to grow as independent property grew in the hands of the artisans, craftsmen, and merchants in the towns, whose economic power became strong enough to free the towns from the control of a feudal lord. The struggle for freedom was identified with the struggle for the security and rights of property against arbitrary feudal controls and seizures. Since the security and rights of property included the owner, a man was free only if he was an owner of property. Hence the legitimate element in the old Whig toast, "Liberty and property." The absolute monarchy created a new, partly capitalist, combination of economic and political power. It encouraged monopoly, imposed bureaucratic controls over economic activity and property, made economic resources serve state power. (Fascist economics closely resembles the mercantilism of the absolute monarchy.) But revolutions in Britain and France broke the monarchy, government was increasingly deprived of economic powers and rights, and the liberal ideal became "that state is best which governs least." It is suggestive that democracy was least vigorous, despite a high development of capitalism, where the absolute monarchy was not wholly broken and there was the smallest separation of economic from political power—e.g. in Germany and Japan.

The separation of economic from political power was interlocked with other elements of democracy under capitalism: the widespread ownership of independent small property as a source of livelihood; freedom of enterprise, competition and the market; the freedom of association (including, after a struggle, the freedom of labor to organize in labor unions and free political parties). All these elements of democracy limited arbitrary state power. Under pressure of conflicting economic interests the

state was increasingly democratized to make it more responsive to social needs. Freedom grew, and spread from the market place to the political and intellectual arena, as one interest checked and balanced another. Labor unions brought the workers—a despised class in the earlier stages of capitalism—within the enlarging circle of democratic freedoms and rights. The citizen was strengthened against arbitrary government by diffusion of power, economic and political.

The flaw in democracy under capitalism was economic inequality. Small independent property, whose diffusion the early democrats considered the basis of equality and freedom, moved to its doom: where eighty per cent of the American people in the 1820's owned free productive property as a source of livelihood, now eighty per cent of them are propertiless dependents working on a job for wages and salaries. Corporate concentration brought monopoly, an economic oligarchy within democracy. Monopoly capitalism seriously weakens the economic elements of democracy. It limits, where it does not destroy, small independent property, the freedom of enterprise and competition; it becomes a state within the state that defies and often masters the political government; it is the synthesis of all the forces that restrict economic expansion. Monopoly drives beyond democracy and freedom. The corporate state is monopoly capitalism with the capitalism thrown out. Monopoly becomes a governmental system in the corporate state, which clamps down monopoly bureaucratic controls on all forms of social activity: economic and political, cultural and moral.

The danger is that, as we try to eliminate the flaw in democracy under capitalism, its democratic economic elements may be destroyed. It is no solution to give the state bureaucracy absolute power, for the nearer power comes to being absolute the more users of power are corrupted. Communism and fascism deliberately recombine all economic and political power in the state. But it is possible that democracy, too, may slide into totalitarianism if the state is used to make economic changes in a manner that gives the state supreme power over economic activity.

I suggest that our crucial problem, as we move toward a new order, is to prevent a recombination of economic and political power in the state. I suggest that we should retain all the economic elements of democracy under capitalism that still work and restore in new forms the elements that monopoly limits or destroys. The freedom of economic self-government is necessary for democracy.

III

The recombination of economic and political power in the state has many aspects. They all add up to and are made possible by *the state's seizure of absolute control over industrial management and labor unions.* The seizure is not prompted by the need to end monopoly and solve the economic crisis. It is prompted by a misunderstanding of the needs of progressive social change or by the needs of reactionary interests that want to make monopoly a governmental system, whose arbitrary bureaucratic controls spread from management and labor to small business, agriculture, and the professions.

The state's seizure of absolute power destroys the progressive potential in economic change. Within the complex of the economic elements that are transforming capitalism are three major institutional forces of transformation: management, labor unions, and the state.

1. Management in large-scale industry, where ownership is separated from management, transforms capitalism as it performs the tasks of organizing and directing industry that formerly were performed by owner-capitalists. Owner-stockholders perform no functional services in industry. It is no longer capitalism where technical-managerial employees come to functional dominance; they can carry on industry without the capitalists, as they do in the corporate state and as they may in a democratic order.

2. Labor unions transform capitalism by limiting the "free" labor market as they limit the absolute powers and rights of capitalist employers over the workers. Through collective bargaining the unions bring a measure of democracy to industry. They set up a constitutional order with defined labor rights (among them a right to the job) in a system of checks and balances. Unions modify other capitalist relations: they make it impossible for employers to carry on competition by lowering wages, and in highly competitive small-scale industries the unions force employers to combine for orderly collective bargaining. From a right to the job, unionism moves toward a share in management through union-management cooperation.

3. The state transforms capitalism as it increases its intervention in economic affairs. Government regulates competitive relations, prices and profits and labor conditions. Government sets up bureaus and agencies and industrial enterprises, whose technical-managerial employees regulate or organize and direct economic activity: they invest, manage, and control—

functions that formerly were all performed by owner-capitalists. Government modifies capitalist powers and rights to bring a larger unity and plan into economic activity.

These institutional forces of capitalist transformation are progressive. It is progressive for management to come to functional dominance in large-scale industry, where ownership is separated from management, as it offers the means to carry on production for abundance and welfare regardless of monopoly capitalist interests. It is progressive for labor unions to organize the workers to bring the democracy of a constitutional economic order in industry and to get a democratic share in the management of industry. It is progressive for government to unify and plan economic activity.

As they transform capitalism, management, labor unions, and the state move toward a new order with a new economic morality of production for welfare.

But the progressive forces of capitalist transformation are twisted to become the basis of the corporate state by the introduction of *one* element: absolute state control over management and labor. Management is allowed no functional freedom as it becomes a hireling of the absolute state. Labor unions are converted into *unfree* unions which are used to get absolute control of labor. The monopoly corporate state uses the absolute control of management and labor to destroy democracy and freedom.

Our problem is to prevent a coalescence of the three institutional forces that are transforming capitalism into one unopposed and unopposable power in the state. The answer to the problem is *a constitutional economic setup to replace monopoly in large-scale industry, in which management, labor unions, and the state are assigned definite but limited rights and powers that check and balance one another in democratic functional cooperation*. They must be kept apart and free to perform their particular functional job. They must not be allowed to coalesce into one power; if they do the government, which is the strongest of the three, becomes absolute. There is bureaucracy in corporate industry and labor unions as well as in government, an expression of the economic collectivism of our age; we must prevent an all-inclusive centralization of bureaucratic power, for if there are no checks and balances on power there is no freedom.

To solve our economic problems calls for an end of the economic oligarchy within democracy that is monopoly. It does not call for an end

of the freedom of small business, agriculture, and the professions: that is necessary only if reaction erects monopoly into a governmental system. The economic crisis and the downward movement of economic progress originate in the relations of capitalist monopoly. It is in monopoly large-scale industry, moreover, that technical-managerial employees replace the capitalists in the organization and direction of industry. Monopoly must come under social regulation and control, it must be wrested from the control of absentee ownership and finance capital. But the socialization of monopoly calls neither for government ownership in the old sense nor for "socialization" of small business, agriculture, and the professions. Monopoly corporations should be transformed into public corporations that are largely independent in a constitutional system of democratic self-government. Management, labor unions, and government get rights and powers in accordance with the functions they are assigned and perform in the new setup.

The functional job of management is to organize and direct industry. It transforms the old capitalist production for profit into production for welfare. Where management is now responsible to stockholders, monopoly corporate administrators, or finance capital, it becomes responsible to a new economic morality that calls for the greatest output and the lowest prices, with profit limited to the needs of replacement and expansion. In a sense management will perform the job it now performs with this creative difference: management is released from financial restraints that now cramp its functional productive freedom, it is freed to perfect and use the technical-economic marvels of industry to produce abundance for all. Management is supreme up to the point where general economic policy is determined, for that policy is the cooperative job of management, labor unions, consumers, and government. All the rights and powers needed to carry on its functional work are assigned to management: it must be free of all controls within the general economic policy and plan. Neither labor unions nor government must tell management how to do the work assigned to it, there must be no interference with the freedom to select technical-managerial personnel, no technical-managerial employee must be deprived of his job because of any idea or act unrelated to his functional efficiency.

The functional job of labor unions is to protect the economic interests of the workers and make them a creative cooperative factor in production.

Unionism is the institutional expression of the democratic struggle of the workers for economic freedom and security. They now carry on the struggle to limit the arbitrary rights and powers of capitalist or corporate employers; the unions must carry on the struggle in a new order to limit the arbitrary power of management and the state bureaucracy. It is the same struggle under different conditions: for democratic representation and balance to get freedom and security. Totalitarianism is inescapable if unions come under control of management or the state. Free unions are needed to build a new democratic order. They must get definite, if limited, rights and powers which neither management nor the state may infringe or abrogate. Collective bargaining goes on within the new relations, with the right to strike in reserve should its use become necessary against management or the state. Conditions on the job are covered by constitutional relations between management and labor (the beginnings of these relations are unionism's greatest contribution to economic democracy). No political considerations may violate a worker's right to the job. Union-management cooperation broadens to give the unions a positive responsibility for technical-economic efficiency. Unionism gets its democratic share, together with other functional interests, in determining the larger economic policy and plan. Free unions balance management and the state in the new constitutional economic order. The freedom of labor unions is an assurance of the economic and political freedom of society.

The functional job of government is to insure the conditions for cooperative unity and plan in production. We need government action to wrest monopoly from the control of finance capital and transform it into a constitutional economic order to serve democratic welfare. But governments, even where they are democratic, develop their own bureaucratic vested interests and may usurp power beyond functional needs. The appetite of government bureaucracy for power grows with power. It is possible to avert the danger. There must be democratic safeguards as government is used to make economic changes. The state must get only the functional rights and powers that are needed to unify and plan: no more. It is not necessary for the state to control all phases of economic activity to unify and plan. To make the state an absolute "capitalist" is a totalitarian perversion of economic change. Where enterprise is not large-scale or a monopoly, as in agriculture, small business, and the professions, freedom of enterprise must be allowed, subject only to general regulation

and cooperation. As the arrangements for a constitutional economic order are set up in the "social" industry of public corporations, the government's rights and powers are limited to its functional job, which does not call for absolute controls but for a minimum of strategic controls to unify and plan. Moreover, a large part of the arrangements and authority to unify and plan production may be decentralized by being vested in self-governing organs of industry and not in the top-heavy bureaucratic organs of the state. Government becomes a balance wheel in the social mechanism of economic activity: to insure cooperation and balance among the different enterprises and industries.

The guiding principle of a constitutional economic order is to give industry the largest amount of self-government within the arrangements to balance, unify, and plan production. The state bureaucracy must control neither management nor labor unions: these institutions are free within the new economic arrangements and economic morality. Hence the largest rights and powers are assigned to management and unions, which are directly on the job. The state may not interfere with those rights and powers. Nor may management and unionism interfere with the rights and powers assigned to one another. Within the constitutional order are large areas where differences of interests and ideas will arise, and are free to arise; the differences are settled by democratic discussion, negotiation, and compromise.

A constitutional economic order recognizes the existence of conflicting interests and gives them freedom of expression and action within its social relations. Communism and fascism are wrong when they insist on *one* interest, "proletarian" or "national." It is the totalitarian conception of a monopoly corporate state, where one interest dominates while other interests are sacrificed or frustrated. Any desirable social order that is not millennial is crisscrossed with a variety of interests, whose democratic expression and balance promote progress and freedom.

IV

The beginnings of a constitutional economic order to replace monopoly are already developing in the relations between technical-managerial dominance and the labor unions. Management and unionism are animated by identical attitudes that drive beyond production for profit to production for welfare: profit considered as a source of new production, the abhor-

rence of waste, an urge for the efficiency of full production, the instinct of workmanship, and the rational scientific approach. The identity of functional attitudes and interests expresses itself in union-management cooperation, which grows all too slowly, however, because it is opposed by the financial administrators of monopoly corporations. Union-management cooperation broadens to include the freedom of industry from financial controls and excessive government controls. One example of what might be done is the union proposal for industrial councils in defense industries, to be composed of representatives of management, labor unions, government, and consumers. They would not only speed up production but provide decentralized democratic safeguards on the increasing economic powers of government.

Union-management cooperation goes beyond immediate problems of efficiency. It is a force for democratic social change. It can break the strangling financial controls of industry. It moves toward the democratic balance and freedom of a constitutional economic order in which the technical-managerial groups who replace capitalists in the organization and direction of industry come to dominance within the relations of democracy.

The attitudes of management and labor unions are crucial. Their understanding and cooperation may bring democratic social change. If management and unionism bitterly and unreasonably fight one another—in a struggle for absolute power that rejects democratic cooperation and balance—the beneficiary is fascism. Management and labor unions must understand that they promote destruction of their freedom if they call upon government to clamp down arbitrarily on one another. Management must understand that government control of labor unions and abolition of the right to strike are the beginnings of a corporate state; for the government that is strong enough to crush unionism becomes strong enough to crush management.

Management must become aware of its functional interests and their strategic value for democratic social change. Neither in Italy nor in Germany were technical-managerial employees aware of what was going on. They were not driven to action by their functional interests but by desperation, prejudices, and passions. They were kicked into functional economic dominance because the corporate state uses technical-managerial employees to replace the capitalists in the organization and direction of

production. It was an upthrust of brute mechanical forces that brought distorted totalitarian change. An awareness of functional interests and cooperation with the progressive forces of labor and agriculture might have brought democratic social change. It can bring such change in our country if the necessary awareness and action arise.

V

A constitutional economic order to replace monopoly capitalism would strengthen the economic elements of democracy, where they are limited by monopoly and destroyed by the corporate state.

Such a constitutional order would prevent a recombination of all economic and political power in the state bureaucracy, yet make enough economic changes and give government enough economic powers to free the productive forces for abundance. Socialization of monopoly breaks the financial oligarchy within democracy that now bars the way to economic progress. Democratic self-government within the cooperative balance of management, labor unions, and government would restore economic freedom in the domain of large-scale industry. Small property cannot be restored in large-scale industry, but democratization of monopoly gives employees a collective property stake in the enterprises in which they work. Functional property ownership can be encouraged and strengthened in small business and agriculture (all tenants should become free owners), with the use of cooperatives for enterprises that are too big for individual ownership and too small for conversion into public corporations. Freedom of enterprise and competition is assured within the new economic arrangements, for there is neither capitalist monopoly nor a corporate state to destroy it, while limited strategic economic planning makes use of competition to get the greatest efficiency and output and to assure consumers freedom of choice. The new economic setup encourages freedom of association as an expression and support of the diffusion of power in a constitutional order. Freedom for labor unions broadens to include and strengthen the freedom of political and cultural organization. Forces are set in motion which move toward a state which governs least.

As economic collectivism, which the corporate state distorts to serve tyranny, is transformed into democratic collectivism the elements of political democracy are invigorated. Economic and political democracy must grow out of one another and strengthen one another. Their fulfil-

ment is a cooperative task of the community through self-governing economic, political, and cultural organs.

Are the new economic arrangements whose outlines I suggest capitalist or socialist? It makes no difference what you call them. The important thing is that they are a democratic alternative to the corporate state. They provide the means to master economic forces and to move toward fuller realization of the material, cultural, and moral promise of our civilization. The direction is decisive if it releases the progressive forces to build anew.

There is no absolute break between capitalism and a desirable new order—call it socialism or democratic collectivism. They merge into one another. The old radical conception of capitalism is disastrous because it is too negative: it emphasizes the transitory historical character of capitalism and largely forgets its permanent values. Capitalism has been the most progressive social order in history. Its absolute transformation, whether by communism or fascism, destroys all its progressive potentials along with its evils. Any desirable order must keep in old or new forms many of the economic relations of capitalism—especially the separation of economic from political power. We must shape a new economic order to promote democracy, to broaden and deepen its continuity as the creative spirit of man. Man may aspire after all things if he lives and works in a democratic world.

EDMUND WILSON: ART AND IDEAS

By EDWARD FIESS

As far back as 1928, Edmund Wilson wrote in the columns of *The New Republic*:

> A work of art is not a technique, or a set of ideas, or even a combination of both. But I am strongly disposed to believe that our literature would benefit by a genuine literary criticism which should deal expertly with art and ideas. . . .[1]

This statement is significant for at least two reasons: Wilson's literary criticism, almost from the beginning, has been marked by a double attention to art (the techniques of the artist, the narrower implications of the material) and to ideas (the moral, economic, social aspects of the work and of the environment in which it was brought forth); and that double attention has not often been encountered in American criticism with the particular emphasis that he has put upon it or with the approach that he has used. While in a sense any literary critic of depth has had to deal with the world of "ideas," with history or philosophy or economics, there have been few that have clung persistently to a progressive or radical orientation who have not fallen by the wayside or else been at one time or another sidetracked into a single and exclusive attention to "art" or to "ideas."

A critic like John Crowe Ransom may be preoccupied with the nature of ritual and its relations to art or an Yvor Winters may turn his attention to the problem of form; but such men have often been content to remain political conservatives or have even boasted, as in Winters' case, of reactionary tendencies. An Ezra Pound, from a seemingly radical beginning in both aesthetic and social theory, has turned into a reactionary who devotes himself to the aesthetic almost exclusively. Only Wilson and a few others, among critics of eminence, have steadfastly attempted to give balanced attention to both "art" and "ideas." And Wilson stands almost alone as one who has criticized both from a progressive point of view politically and aesthetically.

[1] "Literary Politics," *The New Republic,* LIII (February 1, 1928), 102.

Furthermore, he has retained his readers through the years by the balance and discrimination he has shown in these two aspects of his work, for there have been readers of the persistent faith that political liberalism and literary criticism need not be severed. Wilson's critical activity during the last fifteen years or so is convincing evidence of that balance. But it is more than that; those fifteen years have provided discipline under fire for any critic who tried to be a political progressive.

It is a truism that the years since the war have been troublous times for liberals. In a world in which events have often switched and shifted the battle lines of social action, they have been frequently so confused that their very confusion seemed in the end to be their main distinguishing characteristic. The liberal who sailed his frail craft through those years had to tack and veer with the winds of chance and doctrine. After the postwar "normalcy" of Harding we had a brief period of housecleaning and "cooling off with Coolidge"; and after that we had a prosperity as unnatural as it was full. The event that pride goeth before came in 1929 as people became aware that they had been for ten years free of war only to be tortured by depression. After ten years more we find ourselves today, still not entirely free of the demon "depression," but once again torn by the considerations of a world at war.

If liberals have found themselves in such a plight, surely literary critics during those years have fared no better. As Bernard Smith has observed (in *Forces in American Criticism*), the distinguishing mark of much of our criticism since the first World War has been its virulence. During the early '20's we had the turbulence of the art-for-art's-sakers and the expatriates. The New Humanists and their opponents fought vigorously during the late '20's and after them came the Marxists and the anti-Marxists. The '30's, in the literary world, ended in an atmosphere of mutual recrimination.

It would be absurd to review Wilson's career during the last decade and a half purely as a symptom of the times. Yet it should still prove instructive to see that work against the background of its environment, leaving for other hands and occasions the rounded appraisal that is its due.

It may be mentioned in passing that "ideas," as they are discussed here, revolve around social, economic, and philosophic theory—fields in which controversy seems to have been particularly abundant. Obviously, in Wilson's work and in that of almost any critic other interactions may

be found. A large chapter in the as yet unwritten synoptic history of modern American literature, for instance, will have to be devoted to psychology.[2]

Wilson served his critical apprenticeship during the early '20's. In these years of his literary nonage he turned his hand to various things—to multifarious reviewing, contemporary satire, plays, and verse. Significantly enough, as time wore on, he displayed less and less of the lightness and flippancy that marked his earliest work and at the same time he narrowed the field of his endeavors, turning less often to the writing of skits, plays, and poems. The work of this period is to be found, for the most part, in the pages of *The New Republic;* a scrutiny of those columns supports Wilson's later statement that he had always been interested in the environment in which works of art are produced.

All starting points are of course arbitrary, but we may consider that the career of the mature critic began with the inception of the series of essays that later became *Axel's Castle.* Wilson appears always to have been skilful, or fortunate, in combining separate periodical articles into books. Most of the published material by which he has made his reputation first saw the light of day in the pages of such magazines as *The New Republic, The Atlantic Monthly,* the defunct *Hound and Horn.* This fact tends sometimes to obscure the temporal element in his development; for example, since *Axel's Castle* was published first in 1931, we may assume wrongly that the work on it was done after Wilson's battle with the Humanists and after the publication in 1930 of *A Critique of Humanism,* to which he was a contributor. This, however, is not the case, for Wilson had been revolving the thesis of *Axel's Castle* in his mind as early as 1926, while he did not strike out boldly against Humanism until 1929.

It is not so often realized that the thesis of this fine book was suggested to Wilson by Whitehead's *Science and the Modern World.* In an article published in the *New Republic* in 1926, "Modern Literature: Between the Whirlpool and the Rock," Wilson, from the suggestion of Whitehead that the Romantic Movement was a reaction against the ideas of Newtonian science, developed the idea that literary history had again come full circle and that the contemporary Symbolists expressed a similar

[2]It is interesting to note that the chief critical quality of Wilson's recently published *The Wound and the Bow* is psychological. The highly valuable and diverting subject of his psychological studies, however, lies outside the boundaries of this essay.

reaction against nineteenth-century science. Three years later he again recorded his indebtedness to the British thinker. Apparently he had been much struck, not only by Whitehead's suggestive historical analysis, but also by the latter's statement that the Romantic poet had discovered a new method of interpreting reality and had found that there was no essential duality between external nature and the human mind that perceived it.

Wilson was well aware of the limitations of scientific mechanism and yet not rebellious against science or contemptuous of its methods and results, as the Humanists, of whom we shall have more to say later, most definitely were. The creators and supporters of the Symbolist literature of the early '20's, the Valérys and the Joyces, had somewhat of an anti-scientific bias that drew its sustenance from an artistic anti-intellectualism at its absurd extreme exemplified in Dadaism. It would be too much to say that Wilson himself was not influenced by such views, but it is notable that the main effect they had on him was to temper his acceptance of scientific dominance. Significantly enough, he spoke approvingly of Whitehead and Russell as "writers in the scientific tradition." Of late years it has become fashionable to point out—and this is done not only by men of the stamp of Hutchins and Adler, but also by the defenders of the scientific tradition itself—that scientific methodology and materialism have their limits of application.

The main thesis of *Axel's Castle,* one of the most important critical works of our time, was developed as follows: The Romantic Movement of the early nineteenth century was a reaction against not only the predominant literature of the age preceding but also against the "theorems of the physicist," the scientific house that Descartes and Newton had built. After the Romantic Movement an inevitable second reaction began slowly to take form, seen most clearly in the work of the Parnassians in France. Side by side with this reaction science again came to the fore, with the difference that this time it was biology that dominated and not physics. From an intellectual atmosphere strongly impregnated with Darwinism and the biological sciences the cult of Naturalism eventually resulted. Yet arising even then was still another countercurrent of Symbolism, found in the works of Poe, Melville, Baudelaire, and others—writers who were, in a sense, ultra-Romantics; their world was that of the super-rational and their preoccupations came to be almost wholly aesthetic. Mallarmé finally codified their creed, which was to imply rather than to state, to insist

that "a poem should not mean but be," to borrow MacLeish's expression, and to place emphasis upon indefinite moods and individual modes of expression.

The influence of Whitehead, however, had not been restricted to the central idea alone, for his way of thinking is found explicit in several places in the work. Consider these lines, a description of modern literature in terms of a Whiteheadian faith:

> Our conceptions of objective and subjective have unquestionably been based on false dualism; our materialism and idealism alike have been derived from mistaken conceptions of what the researches of science implied—Classicism and Romanticism, Naturalism and Symbolism combine to provide us with a vision of human life and its universe, richer, more subtle, more complex, and more complete than any that man has yet known.

The specific merits of *Axel's Castle* have been often set forth by other writers, but it would be cavalier to pass them by without mention. The masterly skill in interpretation and analysis, the apt use of allusion and literary analogy, the ability to make the complexity and obscurity of Proust or Joyce appear clear and understandable—these are only a few of the many excellencies that have placed the work in the forefront of modern critical productions.

But what is more important for our present purposes is one of the negative aspects of the book. It does not treat economic or political considerations at any length; the author's main interest is patently in the reaction between philosophic thought and literary creation; while he shows no essential blindness to the political or economic world, the whole temper of the work contrasts markedly with that of certain "Marxist" portions of his criticism during the "fellow-traveling" '30's. Pointing forward to those years and serving in a transitional capacity, for Wilson at least, was the New Humanist controversy, at its climax in 1930 when both Humanists and anti-Humanists brought out symposiums. The first important literary battle in which Wilson played a conspicuous role, the Humanist controversy seems, from our vantage-point, to assume the aspect of literary gang-warfare; yet Wilson had surely given ample evidence in his previous criticism of the side that he could be expected to take. He had taken note of Babbitt and More before 1930, and he had not liked their creed.

As might be expected in one who followed Whitehead in repudiating dualism, Wilson found the Humanist's "one law for man and another for thing" extremely repugnant. Giving the first unmistakable signs of his coming social radicalism, Wilson paralleled in his attack the views of such a critic as Malcolm Cowley, who later also became one of the radicals. Wilson found Humanism's negative ethics as distasteful as its belief that the lower third of the population were suffering from the aftermath of the Romantic Movement, its view that modern society was indulging in an orgy unrestrained by classic principles.

But the value of the whole Humanist battle, or tempest in a teapot, was preliminary, for unknowingly or knowingly the Humanists had set forth issues which were later to crop up with increased violence in the '30's. Babbitt, More, and their cohorts made points similar to those later brought up by the "proletarian" critics. Although these issues have often been concealed by verbiage, it still remains true that the central point of Humanist doctrine was the place of the "moral" or "sociological" elements in the precepts and practices of literary criticism. Humanism, beginning with aesthetic conservatism, worked its way around to a vigorous, if far from convincing, statement of the importance of conservative morality in literary criticism. The Marxists insisted upon the importance to literature of a radical ethics, or if you will, sociology. But both Marxists and Humanists pursued in their separate ways the task of fusing literary and social values into a common axiology.

The literary controversies of the '30's, in which liberal critics often swam in an atmosphere resembling that of a revival meeting, can hardly be re-created—and fortunately need not be. To give an adequate exposition of all the currents and cross-currents of those years would require that one be not only a historian and a literary critic both, but also a historian of factionalism and a literary critic conversant with all the changing cliques and coteries of the time.

In a magazine article published in 1931 Wilson called for Marxism, but at the same time asked progressives to put it into practice, to "take Communism away from the Communists." A year later he tried to formulate a position on the emergent Marxist criticism and, in passing, remarked upon the similarity between Humanists and literary leftists that we have already noted:

> The worst Marxist criticism has . . . a good deal in common with Humanism. Communist criticism has behind it a powerful living movement, whereas Humanism is feeble and effete, but Marxism at its worst is like Humanism in that both are in the position of trying to gauge the value of works of art on the basis of their literal conformity to a body of fixed moral dogma. The question is, does the work of art contribute toward a certain social end? The question itself is a proper one; but does not mean that everybody who asks it is fitted to give an answer.

Interpreting between the lines, the astute reader may come to the decision that, while Wilson objected to evaluating a work of art on the basis of its "literal conformity to a body of fixed moral dogma," he objected mainly to the literalness with which that conformity was analyzed and to the dogmatism with which the morality was set forth. Although he used other terms, he continued to search for some rationale in the applicability of artistic experience to moral insight.

Never content, however, to do no more than study texts, Wilson during those early '30's turned his attention to the American scene. *The American Jitters* is a record of a "year of the slump" and the documentary vividness of the book is still strong today, nine years later.

The liberals who became the "fellow-travelers" of the '30's (and what liberals did not, if "fellow-traveling" is interpreted broadly enough?) often preceded their conversions to the broad Marxist approach by a strong disillusionment with the American scene. *The American Jitters,* published in 1932, showed Wilson at that same stage of disillusionment and presaged the disgust that was later to send him to Russia in quest of a better society. Although he certainly repudiated "democratic centralism" in letters, he nevertheless accepted the general Marxist view of society; he even held a Marxist view of literature, but with a difference:

> The art of each period is bound up with the interests of the dominating classes; it is a part of that Marxist superstructure which rests on the methods of production. The writer nine times out of ten gets his principal characters from that class; and even if he steps outside it, his point of view will still be colored by the point of view of the class. His images, his rhythms, his technique, will all be affected by its habits. The artist belongs to two worlds: a classless supernational one which does not exist yet, but which the mind can partially comprehend, and a real one of which he is a part.

The last sentence significantly suggests the similar merging of social idealism and social fact that was to be the main point of the later essay, "Marxism and Literature."

During the '30's Wilson, who had always seen "a connection between works of art and the environment in which they are produced," found an analogy between his own Marxist view of art and Taine's nineteenth-century pseudoscientific materialism; he also drew a comparison between the culture of the French Enlightenment and the culture of modern Marxism. While he wisely enough left a strict Marxist revaluation of our literary past to such thinkers as Granville Hicks, he still felt the imperative need for recasting the bases of his thinking. He re-examined his views on art and society, applying the Marxist analysis to figures like Twain and the Victorian Samuel Butler. It is noteworthy that his writing of this period still reads as well as it did then, for it is not strewn with the dogmatisms, oversimplifications, and rationalizations so common to the great number of writers who had suddenly got the new religion. This re-examination of his views led to the beginning in 1934 of the series of articles which later became part of the book, *To the Finland Station.*

In 1935 and 1936 Wilson's road took him twice to Moscow, the modern Mecca. The second journey was productive of a mild disillusionment with Russian society analogous to his earlier disillusionment with the American scene; it sent the pendulum swinging back in the opposite direction. Curiously enough, the press of the orthodox left became as hostile to Wilson as though he had violently attacked the Soviet Union. In retrospect, it seems that he did no more, in *Travels in Two Democracies* and other writings, than attempt to approach closer to the spirit of, say, a Lord Bryce than to that of a John Mandeville. Toward the Marxists and the stricter "fellow-travelers," Wilson, never an abject follower, became still more intransigent. He deplored the tendency of "Stalinist" literary criticism to go up and down, making that criticism a mere function of Russian and Comintern politics.

As an example of the way in which Wilson handled literature during this Marxist period, however, we may take his review of Edna St. Vincent Millay's *Conversation at Midnight,* in which he complained that the verbal battle between the radical and the stockbroker involves nothing less than the issue of the "classless versus the class society," an issue which he said Miss Millay "sidestepped" by "making the pretenses of both parties ridiculous." He stated that the issues touched upon in that versified causerie were deeper than political events and that the poet had not done justice to this profundity. Such criticism contrasts favorably with the contem-

poraneous leftist reviews, which too often painstakingly attempted first of all to set Miss Millay right on matters of social doctrine.

But the fullest and latest statement from Wilson's pen on Marxism and literature is contained in the essay of that name in *The Triple Thinkers*. Since the essay is the clearest and fullest exposition of his later views on that vexed subject, quotation is unavoidable.

After certain concessions to those who demanded Marxist chapter and verse, Wilson lay down the broad proposition that "Marxism by itself can tell us nothing whatever about the goodness or badness of a work of art." Here is his amplification of that point:

> The study of literature in its relation to society is as old as Herder—and even Vico. Coleridge had a flash of insight into the connection between literary and social phenomena, as when he saw the Greek state in the Greek sentence. . . . But the great bourgeois master of this kind of criticism was Taine, with *race* and *moment* and *milieu;* yet Taine, for all his scientific pretensions, responded artistically to literary art. . . . Marx and Engels further deepened this study of literature in relation to its social background by demonstrating for the first time inescapably the importance of economic systems. But if Marx and Engels and Lenin and Trotsky are worth listening to on the subject of books, it is not merely because they created Marxism, but also because they were capable of literary creation.

This is his reply to the advocates of the "proletarian" novel:

> Nor does it matter necessarily in a work of art whether the characters are shown engaged in a conflict which illustrates the larger conflicts of society or in one which from that point of view is trivial. In art—it is quite obvious in music, but it is also true in literature—a sort of law of moral interchangeability prevails; we may transpose the actions and sentiments that move us into terms of whatever we do and are ourselves. Real genius of moral insight is a motor which will start any engine.

His use of the phrase "moral insight" points to his probable recognition of the fact that his own approach has been largely moral.

On literature as a weapon in the class struggle, Wilson had this to say:

> If these works [the great works of European culture since the Renaissance] may be spoken of as weapons at all, they are weapons in the more general struggle of modern European man emerging from the Middle Ages and striving to understand the world and himself—a function for which "weapon" is hardly the right word. The truth is that there is long-range and short-range literature. Long-range literature attempts to sum up wide areas and long periods of human experience, or to extract from them general laws; short-range literature preaches and pamphleteers with a view to an immediate effect. A good deal of the recent

> confusion of our writers in the leftist camp has been due to their not understanding, or being unable to make up their minds, whether they were aiming at long-range or short-range writing.

Proceeding with this distinction that reminds us so forcibly of Ruskin's "books for the moment" and "books for the ages," Wilson came to the assertion that writers in periods of revolution and social upheaval would naturally find it difficult to produce long-range literature. The "proletarian literature" so highly praised by the radicals often owed its excellence to the American tradition of *Leaves of Grass* and *Huckleberry Finn* rather than to any techniques developed on Russian soil or evolved by exclusively political thinkers.

The last sentence, a paraphrase of one of Wilson's own, provides a hint of the implicit change in Wilson's point of view back toward a more native base. On reflection we cannot think it at all strange that Wilson should, after a long period as an aesthetic liberal, after a shift to strongly radical sympathies, after disillusionment with what he saw in Russia, return to the American liberalism that had nurtured so many before him. Evidence of this change is seen in *To the Finland Station,* a book that gave the radicals reason for umbrage from which they have still not recovered. Containing an acute criticism of Marxism on many points, the book is essentially descriptive and historical rather than polemical. Here Wilson no longer follows the rigid Marxist view of class relations and class lines. Yet he no more throws aside Marxism completely than any intelligent man of our time does, for Marxism—and reactionaries and professional anti-Bolshevists may derive small comfort from this—has left a deep impress on the thought of both conservatives and liberals.

Yet for all the excellencies of "Marxism and Literature," the essay is rather unsatisfying, inasmuch as Wilson had finally come to the point where he found himself struggling continually to exempt art from the galling bonds of materialism and mechanism at the same time that he found a mechanistic analysis quite applicable to society. His later opposition to Marxism has certainly involved some perception of the inadequacy of such a mechanistic basis in the criticism of society as well. Unfortunately, though, we have had no comprehensive statement from Wilson on the relations of society and art that can accompany the later development of his social thought as seen in *To the Finland Station.* In "Marxism and Literature" we see all too clearly that Wilson applied a kind of mech-

anism to society but not to art; the answer that he has given us on this question of art and propaganda is not finally satisfying precisely because it involved a dichotomy which he himself had repudiated in *Axel's Castle*!

Consideration of *Axel's Castle* brings us around again to Whitehead, whose ideas disappeared entirely from Wilson's writing during the '30's. The reason for this is not far to seek; the thought of Whitehead provides no basis for Marxist analysis of society of the kind with which Wilson became in various degrees occupied, particularly since Marxism has attempted to establish a position of its own in metaphysics. The solution may be that the Wilson of the coming years may return, not necessarily to Whitehead's thought (for this is now extremely complex and obscure), but at least to Whitehead's general way of thinking, to a philosophic position similar to the one that Wilson held when he wrote *Axel's Castle*.

If the possibility of such a solution seems remote, we can at least conclude that it is far more probable than a number of other suggested outcomes; obviously Wilson is more likely to follow Whitehead's path than Adler's or Paul Elmer More's; it seems fairly certain that he cannot retrogress to a position of pure aestheticism, disowning the historical and political entirely; it appears sure that he will not retreat to a conservative position in politics; beyond doubt, he will not return to the Marxism of the '30's. In other words, he will choose a solution different from any of these; that solution will involve, if a study of his career teaches us anything at all, a philosophy that prevents art and politics from infringing too much on each other, yet that pays due respect to the double importance of the aesthetic and the social and to the connections between them; one that will discard neither the findings and methods of science nor the less definable materials and techniques of artists, that will permit experiment and change in both art and society to go hand in hand.

In the past a similar balance has been one of Wilson's main excellencies; it has kept him from the errors of the extreme "radical" critics on the one hand and from those of the aesthetic conservatives on the other. As Professor Fred B. Millett puts it, "Wilson is at his best in correcting the over-emphasis on either the aesthetic or social values which critics are prone to emphasize."

And his whole career becomes doubly instructive when seen beside the careers of his colleagues. Comparisons are odious, but consider the tackings and veerings of such men as Archibald MacLeish and Lewis Mum-

ford, the embarrassments of Michael Gold, Upton Sinclair, and Granville Hicks, the inconsistencies of Bernard DeVoto, the transformation of the flaming aesthetic radical and enemy of "gentility," Ezra Pound, into a man at ease with fascism. It is an almost patent conclusion that Wilson's solution, Wilson's balance are as valuable as they are rare. A study of the careers of his contemporaries lends color to the belief that seems the most prominent result of his own work--that a balance between "aesthetic" considerations and "sociological" ones, to borrow again the makeshift but useful terms of V. F. Calverton, is necessary to the liberal literary critic who would remain both a liberal and a literary critic. That the marriage of these two functions may be mutually satisfying and fruitful is hard to prove by syllogisms but surely there are many who think that it has been and should be so.

UNCLE TOM WALKS AGAIN

By PAUL BIXLER

One of the better by-products of our national illness may well be a greater opportunity for the Negro. One may argue from the analogy that the first World War and the shoddy prosperity which it set off in the '20's were the greatest boon the Negro had received since Emancipation; when eight per cent of any depressed people migrate (from South to North between 1915 and 1929) there is bound to be a healthful shaking up of old inflexibilities. In crisis, well fixed culture patterns sometimes crack at the seams. Already there is a kind of low-point competition for Negro services, and one notes here and there an uneasy stirring. No small section of the booming pamphlet literature of the day is devoted to the cause of the Negro. The newspapers record agitation for Negro participation in the Army and demand for participation in defense industries. Some months ago *The Saturday Evening Post* (of all magazines!) printed chapter and verse on the new problems as furnished by Walter White. Everybody knows by now that Hitler is only treating the Jews as we have treated the Negro for generations. And as for the hemispheric defense, who is there who doesn't realize (with a start?) that many in the personnel of the governments south of the Rio Grande are touched with the blood of the sons of Ham?

This heightened awareness even appears in works of solid scholarship. Or is it merely fortuity plus the *reader's* awareness that three of the finest historical books of the year[1] take on special significance from the current ferment? Forrest Wilson's biography of Harriet Beecher Stowe illuminates the Negro only obliquely, of course, and the same in less degree might be said for W. J. Cash's work of psychological history. Yet without

[1] *Crusader in Crinoline: the Life of Harriet Beecher Stowe.* By Forrest Wilson. Philadelphia: J. B. Lippincott. 1941. 706 pp., with index and illustrations. $3.75.

The Mind of the South. By W. J. Cash. New York: Alfred A. Knopf. 1941. 429 pp., with index. $4.50.

Let My People Go: the Story of the Underground Railroad and the Growth of the Abolition Movement. By Henrietta Buckmaster. New York: Harper & Bros. 1941. 393 pp., with index. $3.50.

black slavery neither book would have been written. The case is even more obvious for Henrietta Buckmaster's story of Abolition and the Underground Railroad. *Let My People Go,* the most brilliant and strangely enough for all its concentration on the Negro the most far reaching of the three, will be ignored at his soul's peril by anyone in search of an understanding of America's oldest extant problem.

Mr. Wilson's scholarship is enormous and impeccable, and his style, though prejudiced (the Civil War becomes somehow Harriet Beecher Stowe's private struggle), more than adequate. But he has to contend with an unfortunate circumstance. Mrs. Stowe wrote *Uncle Tom's Cabin* when she was forty; she lived on through controversy, notoriety, and fame for another forty-five years into inglorious anticlimax. Up to about page 300 *Crusader in Crinoline* has pertinence; but from there on in, it rapidly turns antiquarian in spite of its author's best efforts. Had she not written freedom's classic, Mrs. Stowe would have seemed as "quaint" as the photographs with which the book is liberally illustrated. In its setting *Uncle Tom's Cabin* became the miracle which its author believed it. "The Lord wrote it himself," said Harriet. Mr. Wilson is very complete and satisfying on this point, but the truth is that modern propagandists could give considerable time to pondering God's handiwork.

It is probably true that Mrs. Stowe unwittingly capitalized on the new literacy abroad in the America of the '50's (Horace Mann had begun his work less than twenty years before and so had the penny press). She took strength also from the struggling new feminism though she professed not to believe in it, for her work appealed, first of all, to women. Her book was the great improvisation. She wrote it humbly at her kitchen table, and when her father arrived to do a series of mighty sermons and preempted her work space, she moved to the back steps. When she had written a third of the novel, she thought she was almost at the end. As fiction *Uncle Tom* might seem crude, but it was to be read as it was written, one chapter—or "article" as the author termed it—at a time. Harriet considered herself a painter. She "saw" the book in pictures—or "visions" as she preferred to call them. And so it turned out to be—a gigantic mural—one flaming picture lightly joined to the next.

But there was as much naiveté to her method as simple skill. As a preacher's daughter she loved an erring South as well as chained black humanity; she believed that Southerners would free the slave if only they

recognized the horrid truth. Thus she emphasized the patriarchal in slavery. Thus she realized that Southerners understood the Negro better than Northerners, that they liked him better, and knew how to get along with him—in their own fashion. Thus she made Legree a Vermonter, and some of her kindest and most lovable characters came to be of the slavocracy. For more than six months after its publication the South accepted *Uncle Tom* and raised no outcry. This became the final proof of the miracle. She had slit the throat of slavery with so strange and so slick an instrument that not till the South had been belatedly told to move its head (by English and Northern sympathizers) did it realize that its jugular had been cut.

To Mrs. Stowe and the cause of Abolition Mr. Cash supplies a kind of background which was not available to the original readers of *Uncle Tom's Cabin*. He writes as a Southerner; but as a Southerner who has attempted to exorcise the personal and social devils of his upbringing. Where it is pertinent, he introduces personal experience and personal knowledge. To the almost impossible job of weighing the psychological temper of a region and a shifting regional history he brings a mind that is obviously not unprejudiced. Yet his effort is far more successful than one might have hoped for. Here is a fair sample of his insight:

> Mrs. Stowe did not invent the figure of Uncle Tom, nor did Christy invent that of Jim Crow—the banjo-picking, heel-flinging, hi-yi-ing happy jack of the levees and the cotton fields. All they did was to modify them a little for their purposes. In essentials, both were creations of the South—defense-mechanisms, answers to the Yankee and his own doubts, projections from its own mawkish tears and its own mawkish laughter over the black man, incarnations of its sentimentalized version of slavery. And what is worth observing also is that the Negro, with his quick, intuitive understanding of what is required of him, and his remarkable talents as a mime, caught them up and bodied them forth so convincingly that his masters were insulated against all questions as to their reality—were enabled to believe in them as honestly as they believed in so many other doubtful things.

In shafts of grey light shot through here and there with brilliant criticism Cash paints a South that has had from its beginnings most of the characteristics of the frontier. It exhibits, he notes, the same tell-tale individualism, the same need for immediate release of strong passions. He dispels the old pretense to aristocracy, and shows instead how the illusion grew up out of the extraordinary consanguinity of the Old South, the

same surnames running through all strata of society to the lowliest poor white—even being given in the end to the black man. He brings against his native land the old charges of intolerance, illiteracy, romanticism, Puritanism, hedonism, and fondness for purple rhetoric. But more successfully than many other critics, he footnotes his charges with copious illustrations and explanations. All these evils, he says, were founded in the old frontier and were hardened in opposition as objectified by the Civil War and Reconstruction.

Yet the real stumbling block to the South's coming of age was the Negro. It was the Negro who, without his own volition, fixed upon Dixie the feudal system in vogue at the beginning of the nineteenth century. It was he who was the central cause of attack by the North, and it was his humanity which was defeated by the failure of Reconstruction. It was upon hatred of the Negro that the Southern Democratic party built its strength from 1890 to 1914. It was preponderance of the Negro which froze many a community into perpetual abject fright. Nor did the growing industrialization offer important relief. From the beginning to the present time it has been the peculiar disadvantage of the Southern social system that the Negro has been the base upon which Southern society flourished, so that all was geared to a lowest common denominator.[2]

It is refreshing to turn from *The Mind of the South* to Miss Buckmaster, who tells a more positive tale of deeds in the day-to-day struggle for freedom. It is good to understand the tremendous span of slavery, to discover the temper of practical rebellion under ill-favored laws, to learn that in somewhat over two hundred years of slavery there were two hundred revolts and conspiracies. We look on the Negro as a peculiarly helpless mortal (much of white humanitarianism in his interests unfortunately taking off from that conviction), yet the facts of rebellion and of the Underground Railroad should greatly temper our absolutism. Acts of daring invention and impromptu courage that are not likely to be duplicated except under similar stress were performed by black as well as by white; they were performed by men and women who had within them that core of solid worth and initiative which allowed them under the spur of aboli-

[2]Most Southerners will not like Cash's realistic discussion, of course. It is probable that one of their unspoken reasons for this dislike will be a suspicion of symbolic substitution: a suspicion that the author has substituted the South's lowest common denominator for the South itself.

tion and the hope of freedom to rise to the heroic occasion. Miss Buckmaster takes full advantage of her material. Moreover, she apparently has an adequate knowledge of the present, and she has not been afraid to make of her total work a kind of sustained paean to liberty. Historians have noted a certain similarity between the Civil War period and our own, and I have seen no other book which, without explicit statement, so clearly gives off that impression. Presumably women seldom write good history (they are not judicious enough, they can't understand politics, or is it that they don't care to discuss matters like treaties?). But if *Let My People Go* is not a sport but a true sample, for certain kinds of history we may have been plagued in the past with authors of the wrong sex.

For most readers much of Miss Buckmaster's work will be new territory. Most of us have heard of Garrison, of Wendell Phillips, of Frederick Douglass, of Sumner and Stevens. Some perhaps will half-remember James Burney, Levi Coffin, and Benjamin Lundy. But the Underground and many aspects of Abolition were born and conducted in a spirit of rumor and secrecy from which they have not escaped to this day except here and there in privately owned collections and the files of historical societies. Many a shadowy figure deserves even more recognition than these closely packed pages can give them. I mention only two, of very different qualities. One, George Fitzhugh, a Southern theorist, tried to dissuade the North from its growing purpose by dazzling it with the promise of fascism. He would have answered criticism of black slavery with a patriarchal system of white as well as black serfdom—and to lend attractiveness he nominalized his scheme under the word "socialism"! (The North gave him a hearing, but was not to be turned aside.) The other was Alexander Ross, who learned the arts of conspiracy and revolution in New York from German Communists and friends of Garibaldi for the purpose of running off slaves from Southern plantations. He was a scientist who wound up a distinguishd career with more decorations from European governments than a retired German general. These and many others of this spirited time deserve to be better known.

A quality quite as great as its freshness, however, is its perspective, most eloquently displayed in the Prologue. Practically speaking, Abolition and the Underground Railroad (the term was invented in 1831, but conducting had already been going on for some time) cover a period of fifty years. The spirit of Miss Buckmaster's work ranges somewhat further;

she is conscious of background, and when she comes to the end of Reconstruction in 1872, she does not repeat the error of the Abolitionists, who abandoned the Negro before he had found real freedom. She closes with these words: "But this was not the end. The seeds lay deep. The fruit would grow."

It is impossible here to sketch a further history of events. But perhaps it is not out of place to note the trend of our present wisdom. How is the Negro's position to be improved? The current war is likely to help it, as did the first World War, for whoever comes to the rescue in crisis is not so likely to be asked his pedigree. (It should not be forgotten that the Negro *wants* to come to the rescue, that he is no revolutionary but the most patriotic of American citizens.) Migration to the North helps and so perhaps indirectly does industrialization. Anything helps which breaks the well worn clichés of thought and custom, anything which makes of the Negro problem something American and democratic and not merely Southern. Yet these can be only palliatives.

Primarily we must seek some way by which to offer the Negro the chance of self-reliance. It sometimes seems that the bane of the difficulty is white humanitarianism. Sympathy somehow is beside the point. With all good will the white man cannot "understand" the black, nor, without some major change, can he offer more than alleviation or minor balm for chronic wounds. The growing group of colored writers by their own writings prove, if nothing else, that only the Negro can interpret the Negro. And self-respect cannot be grafted or inculcated from above. When there are more colored organizations to fight their own battles and fewer social clubs run by whites "for the Negro," then the Negro will definitely be on his way to a stable position in American life. Who can reach toward man's estate who has continually to live on the spiritual and physical hand-me-downs of Western civilization?

Efforts have been made toward economic independence but they suffer for the most part from isolationism. It is true that the Negro spends five million dollars a year for food and clothing, and that Negro retailers who conceivably might be cashing in on such a sum do a business amounting to less than two per cent of it. Vigorous movements to set up a strong segregated Negro economy, movements under the sloans "Bigger and Better Negro Business" and "Don't Buy Where You Can't Work," though they have a strong appeal, are in the long run self-defeating. They displace

white workers and set the Negro to fighting other minorities. The crumbs from the rich man's economy are not enough to go around. Something more fundamental is needed.

We must learn once again that certain problems are interrelated. Miss Buckmaster tells of the kinship of abolition with woman's suffrage, with temperance and the tariff; the same workers often divided their time among such problems according to need. Today the Negro's position is not the first problem in America as it once was, and other social problems to which it is akin have changed; but its relationship to some of these other problems is even closer than before. We shall not be able in our time to see the place of the Negro improved by itself alone.

The Negro can contribute much to our civilization. He is a good workman, and employers who know him are not even now unfavorable to him. He can make his own way if only he has a chance to make a living. The fact that, by and large, only the lowlier jobs are now open to him would not matter essentially provided he had continued stability on the job. If he were not always "last to be hired, first to be fired," if the fear in the hearts of white workers that the Negro would take their bread and butter away from them were substantially removed, he would have most of the opportunity he needs.

This may seem an oversimplification. But we are concentrating now on the essential. I am not forgetting that the Negro needs medical care and a good diet, but these, I believe, are already in sight if we do not have a general collapse. Nor am I forgetting race prejudice, a difficulty which will take more time to undo completely than many others, but a difficulty which nonetheless is chiefly a result rather than a cause.

To say that unemployment is the core of the Negro problem is not to minimize the latter but to enlarge it. For make no mistake about it, general unemployment—the need for using all of our human (as well as our natural) resources—is the central problem of our time. It is the problem furthest from solution but the one we must solve if we are to go forward and not slip back to the Middle Ages. In Jim Crow and the color line we have elements, which if allowed to stand by themselves, may become too explosive. Only as they are tied in with other major disturbances in the body politic can they be put on the road to convalescence. And by the same sign our thought about unemployment may well profit from

association with the Negro. In some quarters there is too much of a tendency to think of unemployment as a technical matter. But it cannot remain a technical matter if there is always behind it the human urgency of a hungry black man.

THE STRATEGY OF HATRED

By DAVID W. PETEGORSKY

Anti-Semitism for the past decade has been looming large in our social chaos; but it is by no means a novel phenomenon in world history. For centuries, it has played as a subtle and ever-present current beneath the stream of social development; in periods of stress and tension it has swelled into a turbulent torrent. No single or simple formula can wholly explain its incidence; for many factors have contributed to its origin and persistence. The legendary role of the Jews as the killers of Christ, economic disabilities which forced them into pursuits to which was attached a powerful taint of social disapproval, the tradition, though far from always the reality, of difference and separatism that has clung to them, their status as heirs to a distinct cultural and historic tradition, these and many other facts have shared in producing the discrimination and prejudice that have been the historical experience of the Jews. Nor does the violence of modern anti-Semitism distinguish it in any way, except possibly that of degree, from its earlier manifestations. In acute social crises, anti-Semitism has very frequently found expression in cold-blooded assault and wholesale progroms, albeit without the hysterical and psychopathological quality of the propaganda that is peculiar to the anti-Semitism of our own day. What is wholly new, however, is its deliberate and conscious manipulation on a world-wide scale for specific political ends and purposes. Modern anti-Semitism, as Maurice Samuel has so eloquently argued, certainly partakes of the nature of an ideal; to a considerable degree it represents the fascist reaction against the Judeo-Christian tradition that has sought to replace violence by love and justice in human affairs and to establish the sanctity of the individual as the fundamental fact with which social morality must deal. But what lends the anti-Jewish campaign its vital importance today is the fact that it has become one of the major political techniques of the twentieth century; and it is primarily its function as a tool of reaction that imparts to modern anti-Semitism its distinctive and dangerous quality.

The roots of that development lie deep in the appalling insecurity that is the supreme characteristic of our age. Ours is a period of uncertainty and therefore of fear. Men fear what they do not understand; they shrink from that which they cannot see; they shun the path whose end they cannot discern. And because men fear, they persecute. They persecute so that they may project upon others the fear that is gnawing at their own hearts. By creating in others terrors greater than they themselves experience men seek to build up for themselves an illusion of security and safety. The insecurity of a world in upheaval and the chaos of a social order in collapse have created a psychological atmosphere in which hatred can flourish and thrive. It has been the diabolical genius of fascism to have recognized that fact as one of the most important elements in the social situation and one which could be exploited for the purposes of organized reaction.

For whatever mass basis fascism has been able to secure has derived largely from the remarkable ability of its propagandists to exploit mass feelings and moods and sentiments for its own ends. The Nazis, for example, recognized from the very inception of their movement that the frustrations and repressions that Versailles and economic distress had fostered, the fear of communism that permeated the upper classes, the anti-capitalist hatred of the masses could all be made powerful psychological foundations on which they could build their success. The impressive record of the Nazi propaganda machine has in very great measure been the result of that ability to play so effectively on the fears and hopes of the people and to direct their responses into destructive and reactionary channels. That, essentially, has been the story of anti-Semitism in Nazi Germany and of its alarming and rapid growth everywhere. Reaction in its bid for world domination has seized on a tendency and converted it into a major political technique.

And it has been able to do that so successfully because of the phenomenal development of the techniques of propaganda and communication. The increasing effectiveness and centralization of social controls and the creation of new controls afford means for the manipulation of entire populations. The tremendous range of the radio, the press, and the motion picture has given worldwide scope and amazing facility to social communication. Propaganda, having harnessed to its use the fruits of modern science and the insights and perceptions of psychology, has become the

most potent social weapon of our day. It is that fact which has made it possible deliberately to intensify and to manipulate anti-Semitic prejudice on such an extensive and unprecedented scale.

If events have established beyond doubt the relationship of anti-Semitism to fascism and reaction, the pattern of that relationship has not always been perceived with sufficient clarity and incisiveness. Modern anti-Semitism, I have suggested, is above all else a political technique. As such it is integrally related at every stage to the fascist purpose and program. And the success with which the Nazis in particular have employed it for the achievement of their purposes has inspired reaction everywhere to adopt the same pattern and formula.

For fascism everywhere confronts three major problems. It must, first of all, secure power. It must consolidate that power. It must, finally, prepare for the campaign of foreign aggression to which its own dynamic impels it; and preparation for that campaign involves not merely the extension of its own military power but the weakening and undermining of those whom it is likely to encounter in conflict. In each of these stages, anti-Semitism has played a major role in effecting the fascist purpose.

In the first place, anti-Semitism has proved of immeasurable value in elevating reaction to power. For fascism demands a high degree of national homogeneity. It must mask the class conflicts that are inherent in modern society with a superficial cloak of national unity; it must transfer the antagonisms that economic crises intensify to different planes. Partly, that unity was achieved in Germany by the carefully cultivated fear that the rest of the world was encircling the Reich and uniting to deny its legitimate aspirations. But it was encouraged to an even greater degree by the Nazis in their years of diligent anti-Semitic propaganda by making of the Jews a common and crystallized symbol of hate. The psychological conditioning the German people had been experiencing since the World War and the historic tradition of German anti-Semitism that cut across class lines and embraced all social groups rendered it comparatively easy for the Nazis to make the Jews the incarnation of everything the Germans feared and hated and despised. The Jews were plotting the destruction of the German people. As the international financiers, the Jews had brought acute economic distress on the Reich. As the international revolutionaries, they were organizing, in league with Bolshevist Russia, communist revolt. Theirs was the guilt of Germany's defeat in the war and

humiliation in the peace. Their inferior blood had polluted the Aryan race and was sapping the strength and virility of the nation. The German people, the Nazis therefore urged, had one common enemy, the Jew, in the face of whose mortal threat all class differences, all political disagreements paled into insignificance. By uniting large numbers of the people in fear of the Jews and by promising to rid Germany of their menace if the Nazis were given the opportunity and responsibility of leadership, the latter made their first major advance along the road to power.

No less important at this early stage was the fact that the anti-Jewish elements of the Nazi program attracted to its banners considerable sections of the population, particularly among the lower middle and professional classes, who might otherwise have remained hostile to Nazi doctrine. The army circles, the upper classes, the Junkers, needed little persuasion. But considerable numbers of the professional and business people found much in the anti-Semitic propaganda of the Nazis that attracted them to Hitler's support. To the lawyer, the doctor, the intellectual, the Nazis held forth the pleasing prospect of freedom from the competition of their Jewish colleagues. The retail merchant, the smaller business man envisaged with no small measure of enthusiasm the prosperity that would be theirs with the liquidation of the Jewish department stores and commercial enterprises. And in all classes, people were lured to Nazi support by the panacea the elimination of the Jews from the economic life of the country seemed to afford. Thus anti-Semitism, by diverting the people from the social and economic realities that were at the heart of their plight, by fostering unity through the creation of a common enemy and a symbol of hate, and by holding forth the elimination of the Jews as a social panacea, was a vital factor in the rise of the Nazis to authority in the state.

But the Nazis, having achieved power, had by no means exhausted the usefulness of anti-Semitism; it became as important for them in consolidating their authority as it had been in their original bid for dominance. For fascism nowhere has been able adequately to satisfy the material aspirations of the masses that it had promised to fulfil. It has had to confront popular dissatisfaction with the results of its operation; and it has been vital to prevent the expression of that dissatisfaction in forms that might endanger the stability of the regime. Largely, that suppression of discontent has been achieved by ruthless coercion; and the grim shadow of the concentration camp has been as effective in discouraging would-be

dissidents as it has been in permanently silencing those who protested. But anti-Semitism has obviated the need for a far greater measure of coercion than the regime might have been able to exercise; for it enabled the Nazis to divert much popular protest from the government to the Jews. Neither the government nor the Fuehrer nor the principles of National Socialism, the Nazis insisted, were responsible for the difficulties Germany was still experiencing; the Jews both within and without Germany were wholly to blame. As one writer has recently put it

> . . . . all that was German was good; all that was foreign was bad. Hence it followed that German difficulties, which were bad, were necessarily of foreign origin—they were caused by the French, by Marxism, capitalism, finance, and above all, by cowardice, all in some uncanny way related to the Jews. Germany could not possibly ever have heard of these things or suffered from them, were it not for that agency of all that was quintessentially foreign and monstrous—the Jews. This childishness had the merit of explaining things while at the same time exonerating the "true" German of all blame.[1]

The war of extermination, therefore, had to be prosecuted with even greater relentlessness and severity; and in that campaign the government could always report to the people a continuous and gratifying record of success. By these tactics, the Nazis did much to divert a measure of protest which, in the early years at any rate, might have become a very serious threat to their power and dominance. That, too, I believe, largely explains Mussolini's belated adoption of the anti-Semitic technique of his axis comrade; for Hitler had amply demonstrated its effectiveness in bolstering a regime against which the rumblings of discontent were growing in volume.

And because fascism has failed to provide material satisfaction for the masses and significantly to improve their standards of living, it has been forced to offer them emotional substitutes. It has had to create outlets for repressed ambitions and frustrations. The Nazis have served up circusses in the place of bread; and the Jews have been among their featured performers at those attractions. Mass pogroms, wholesale arrests, large-scale expulsions were satisfying spectacles that the Nazis could stage at their will, cheaply and sensationally. And the opportunity frequently to engage in violence without fear of retaliation, to assault with impunity and to vent hatred without restraint has provided for many people an

[1]Ellis Freeman, *Conquering the Man in the Street* (New York, 1940), p. 73.

outlet for dissatisfactions and frustrations and sadistic impulses that might have taken forms highly dangerous to the Nazi regime.

There is yet another direction in which the ostracism of the Jews has filled a vital social function in Nazi Germany. Fascism, it is important to note, makes no fundamental change in the class relationships of the state; it regards the hierarchical class structure of capitalist society as essential to any integrated and dynamic society. Nowhere has it effected basic transformation of those relationships. Quite the contrary. It has canonized class distinctions and largely ended whatever movement between economic classes a declining capitalism still rendered possible. Because it has made the social movement impossible without at the same time improving the lot of the masses, fascism has had to confront the threat of the intensified class consciousness such development usually fosters. Here, anti-Semitism has done much to counter the feeling of inferiority and the desire for prestige and social recognition that might have impelled the working classes in Germany to mass action. The campaign against the Jews, by making them a caste of social pariahs, has elevated the proletariat in the social scale; for the latter is now able to look down on a class vastly inferior to and lower than itself. This function of German anti-Semitism bears an interesting relationship to the role the social ostracism of the Negroes has played in retarding the development of the political consciousness of the white workers in the South.

Finally, fascist anti-Semitism has proved an important instrumentality in preparation for war. Within Germany itself, it has helped to create the national unity that is essential for the successful prosecution of war by incarnating international Jewry as the mortal enemy all Germans must unite in destroying; it has thus helped to transfer the internal class struggle to the national and racial plane. Abroad, the intensive campaign of anti-Semitism which the Nazis have inspired and organized has been an even more integral—and largely unrecognized—phase of their war effort. For the purpose of Nazi anti-Jewish propaganda abroad is not primarily to do anything to the Jews. Hitler and the Nazis, I have little doubt, certainly hate the Jews. But it is unlikely that the Nazis would have spent vast sums in promoting anti-Semitism throughout the world when Germany desperately needed foreign exchange if the effects of that campaign were not as important for their purposes as the armaments those sums could have created. Rather, the world-wide anti-Jewish assault of the Nazis was de-

signed, above all else, to weaken the democracies by creating within them a considerable body of sympathy for the Nazi regime and by impairing their social cohesion.

In those tasks, the Nazis were greatly aided by the latent anti-Semitism that existed everywhere. Fostered and intensified by the insecurity of recent years, that prejudice was adroitly manipulated by them and by indigenous reactionary groups until it became in several countries a social force of no inconsiderable proportions. People in whom an anti-Semitic bias was implanted or strengthened or who were converted into full-fledged anti-Semites came to view the Nazi regime with favor because of the manner in which it had treated its Jews. And if they disapproved of the excesses, they felt considerable sympathy with the general nature and purpose of the anti-Semitic program. Nazi propagandists helped to consolidate and to extend in many countries a significant body of native anti-Semites; and these became an important part of fascism's fifth column because they applauded the Nazi dictatorship for its anti-Jewish achievements.

> He [Dosmar, a German refugee] says anti-Semitism is Goebbels' main weapon; that anyone who has an anti-Semitic prejudice unconsciously can be made conscious of it and thus become an open anti-Semite; when he does he invariably becomes a pro-Nazi, or at least cannot be a real anti-Nazi. In this way anti-Semitic propaganda creates a "fifth column" for Hitler all around the world. I subscribe without reserve to this, having seen abundant evidence in France. . . .[2]

The anti-Semitic overtones of the bulk of appeasement propaganda in this country and elsewhere are not wholly without their significance.

And even where Nazi propaganda has failed positively to create any substantial measure of anti-Semitism, it has been, so far as the Nazis are concerned, an eminent success. Everywhere, it has encouraged social dissension. It has sowed suspicion and distrust. It has inspired movements and political groups to internal disagreements and squabbles over "the Jewish problem." It has bred accusations and counteraccusations, threats and recriminations. It has helped to discredit the opponents of fascism by identifying them with Jews and Jewry. To the extent that anti-Semitism has fostered that social dissension it has served to weaken both the will and ability of nations to resist the challenge of Nazism. The contribution

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[2]Edmond Taylor, *The Strategy of Terror* (Boston, 1940), p. 88.

of anti-Semitism to the collapse of France and Poland and Rumania will bulk large in the history of those tragic events.

The technique of modern anti-Semitism as it emerges from Nazi practice, I have attempted to show, follows a clear and well-defined pattern. It enabled the Nazis to achieve power by making the Jews a symbol of hatred and the incarnation of everything the German people feared, by attracting the support of large numbers of people who thought they had much to gain from the liquidation of Jewish economic competition and by urging the elimination of the Jews as a social panacea. It helped them to consolidate their power by turning popular dissatisfaction from the regime to the Jews, by affording a convenient outlet for emotional frustrations and by creating a new and inferior caste on whom all classes could look down. And it has greatly contributed to the success of Nazi aggression by enlisting large bodies of Nazi sympathizers everywhere and by impairing the social cohesion and unity of their opponents.

The eminently successful employment of that technique by the Nazis has inspired its imitation by reaction everywhere; and its increasing adoption in this country is apparent to every observer of the social scene. Attacks on the rights of labor are screened behind charges of Jewish domination of the labor movement. By identifying communism and radicalism with the Jews, reactionary movements are attempting to utilize anti-Semitic prejudice to split and to discredit progressive organizations. Attacks on civil liberties and academic freedom are not wholly free of anti-Jewish nuances. For quite some time appeasers and friends of Nazism have been hinting none too subtly that American hostility to the Axis is primarily Jewish-inspired. The Senate debate on the lease-lend bill, for example, had its undertones of anti-Semitism and they swelled to the proportions of a dominant theme in Senator Nye's opening testimony before the Subcommittee of the Interstate Commerce Committee currently investigating the motion-picture industry. As a final illustration I need only cite the amazing speech of Charles Lindbergh at Des Moines in which he accused the Jews of agitating for war and followed the Goebbels line to the extent of maintaining that the Jews own and control "our motion pictures, our press, our radio, and our government." Everywhere reactionary groups are increasingly employing anti-Semitic propaganda as their entering wedge. Everywhere, the assault on democracy is being ushered in by the barrage of anti-Semitism.

Increasing awareness of those tactics has made for a much more general recognition that anti-Semitism is one of the most potent weapons in the fascist arsenal. But I am not at all certain that the methods of combatting its challenge have kept pace with the development of the understanding of its nature. If the functional nature of anti-Semitism is being more adequately appreciated, anti-defamation efforts have not based themselves in sufficient measure on that understanding. For if any social movement can be viewed in terms of its source, its contents and its purpose, the anti-defamation campaign in this country has largely concentrated its efforts on the first two of these aspects—on the "who" and the "what" of anti-Semitism. Admirable work has been done in revealing the origins of the anti-Jewish propaganda being disseminated in our midst; an equally meritorious task has been performed in tracing the sources of the funds that enable the groups engaged in the distribution of that propaganda to function. The foreign sources of much of the material being circulated in this country and the links between the professional anti-Semites and the reactionary groups who are their financial and spiritual sponsors have been indisputably established.

The anti-defamation groups have been equally untiring in their efforts to counter the brazen falsehoods and vicious libels that are the stock-in-trade of the Jew-baiters. Jewish control of international finance or international revolutionary conspiracy, Jewish secret aims of world dominion, Jewish treason—these and countless other accusations have been unanswerably revealed as the fantastic lies that they are. And any claim of Nazi anti-Semitic propaganda to truth or validity has been overwhelmingly repudiated.

Let us at once recognize the valuable achievements of that effort. It can leave no reasonable person in doubt that the fomenters of anti-Semitism are those who seek the overthrow of democratic government. And the splendid work that has been done in distributing the mass of evidence that has been accumulated has made accessible to everyone the proof of the complete falsity of the content of anti-Jewish charges.

But neither a revelation of the sources and origin of anti-Semitic propaganda nor a refutation of its content, I should like to suggest, can have any serious effect in countering its influence. For, in the first place, the effectiveness of modern propaganda seems to bear very little relationship to the sources from which it originally emanates. Before propaganda

was elevated to the status of a major industry, it was a comparatively simple task to weaken its impact by revealing its origin. Discrediting the authenticity of its sources and revealing the ulterior motives and purposes of its disseminators could reduce its influence on those whom it was intended to affect. Today, however, propaganda partakes of the qualities both of an exact science and a fine art. Its primary sources are cleverly concealed and artfully disguised. No longer does it emanate from a single, easily identifiable fount. It insinuates itself on the population by countless subtle methods and from innumerable and wholly unexpected directions. It has become so skilfully camouflaged that those who would most emphatically repudiate the implications of their remarks are very frequently the channels for its dissemination. If anti-Semitic propaganda in its clumsier and cruder manifestations can easily be identified and rendered less effective by revealing the designs of its instigators and the sources of their financial support, its greater part today is subtle and clever and devious. It lurks behind apparently objective news and matter-of-fact information. More often than not, it may seem to have no apparent single source whatever. Under such circumstances, no counterattack in terms of its sources can seriously reduce its impact. For its original sources, except in indirect fashion, are becoming increasingly difficult to identify; and its disseminators are, in growing numbers, unwitting innocents, unaware of the poisonous nature of the seeds they are sowing and wholly devoid of sinister motive or ill intent.

Nor can a refutation of the content of anti-Semitic propaganda do much to destroy or to minimize its effectiveness. It is one of the most fascinating characteristics of Nazi anti-Semitism that its claims not only rest on utter falsification of fact and distortion of history but are self-contradictory; the biological inferiority of the Jews, for example, and the degenerative influence of association with them are hardly compatible, even in fascist logic, with the fantastic world power the Nazis attribute to them. But myths or social legends, as Sorel pointed out, are effective social realities only to the degree to which they are removed from truth or fact. A myth which attempts to base itself on some relationship to reality can be rendered largely useless as an incentive to action if the reality on which it claims to rest can be shown to be false or insubstantial. The greater the degree to which it appeals to logic or rationality—beyond the most elementary level—the more vulnerable it becomes to rational attack.

Social myths which make no pretense to truth or logic—once they are accepted—become largely immune to the challenge of fact or reason. The Aryan-race theory, the blood corpuscle interpretation of history, these and the rest of Nazi anti-Semitic doctrine have been exposed over and over again for the utter nonsense that they are. But because their original appeal and acceptance bore no relationship to their consistency and logic, the assault on them in those terms has proved ineffective. Anti-Semitism based on the designs of the Jews for world domination or their nefarious power as the international financiers or the international revolutionaries is the most fantastic myth the Nazis have succeeded in foisting on so many people; and such myths can be punctured neither by statistics nor logic.

It is by no means difficult to understand why the intellectual attack on anti-Semitism should prove so ineffectual. For in a period of desperate insecurity, men believe not those things that are logically demonstrable but the things they want to believe. An extended period of social instability creates abnormal psychological needs and predispositions—the need for the projection of fears and anxieties, the readiness eagerly and uncritically to embrace alluring social panaceas, the impulse to seek unusual emotional satisfactions and outlets, the urge for the physical expression of frustrated hopes and ambitions. Given that psychological conditioning, masses of people in Germany, with its historic deposit of anti-Semitic prejudice, were ready to accept the absurdities of anti-Semitism because those absurdities responded to acutely felt needs and impulses. Anti-Semitic propaganda found such a receptive audience because it filled for people emotional and psychological vacuums by which they were tormented; and it is that appeal which makes it so manipulative and effective a technique in this country and elsewhere. Any effort, therefore, to lessen the effect of anti-Semitic agitation by attacking its truth or logic ignores the fact that not those attributes but the psychological and emotional functions it performs have made for its widespread success.

The challenge to democracy that anti-Semitism constitutes, I therefore submit, can be intelligently met only when we regard it as a technique of reaction that is rooted in the social chaos of our times. The common assumption that anti-Semitism is primarily a problem for Jews and men of good will must give way to the more realistic recognition that it is the vital concern of everyone who would preserve and extend the free-

doms we cherish. If anti-Semitism strikes at the Jew, its real target is the democratic way of life. "Fascism finds democracy vulnerable," declares a recent statement of the American Federation of Teachers, "precisely where democracy ceases." And because democracy has too frequently ceased at the boundaries of race and nationality and color, the exploitation of those differences has proved to be one of fascism's most successful devices.

Hatred, I have been arguing, has been converted by the fascists into a political startegy because it has helped them to fulfil their purposes; and that strategy has worked because social conditions have rendered the appeal to intolerance and prejudice an attractive and satisfying one. The usefulness of anti-Semitism to reaction can therefore be destroyed only when the masses of people no longer feel it necessary to hate and when those who attempt to employ the strategy of hatred are unable to profit from its use.

That means that if we would eliminate intolerance and racial prejudice from our midst and deprive reaction of one of its major allies, we must attack those social conditions—unemployment, economic insecurity, low standards of living, inadequate recreational opportunities, international strife—in whose soil intolerance flourishes. We must attempt to fashion a social order in which adequate material rewards, cultural satisfactions, educational facilities, normal psychological adjustment, do away with that emotional climate in which anti-Semitism breeds. Only when the psychological and emotional functions that anti-Semitism fills today are satisfied by positive and constructive programs can we expect any impairment of its appeal in periods of social tension.

And because anti-Semitism is a weapon of reaction, those who would combat it must strike at the hand that wields it. That, of course, means that they must join in conflict against those groups—both in our midst and without—who seek the destruction of democracy in order to prevent those social changes which are its inherent logic. To retain the arrangements of which they are the beneficiaries the enemies of democracy are employing every tactic at their command—the denial of civil liberties, the abrogation of democratic processes, the curtailment of academic freedom, the appeal to intolerance and prejudice. Fascism and reaction are advancing on many fronts, not least of which is the one that is screened by their anti-Jewish campaign. But those fronts are simply sectors of one large battlefield. To default on any of these fronts is to enable the foes of

democracy to open a breach in its defenses through which they will be able to encircle and attack it from the rear. The campaign against anti-Semitism in our day becomes identical with the general struggle for the preservation and extension of democracy. Democracy can neglect that particular sector only at its grave peril.

THE FUNCTION OF LITERATURE

By DOROTHY HALL

THERE SEEMS to be a good deal of doubt and confusion today about what literature is, and what its function is. Partly because the great problems of our time have to do with social organization, and partly because of our own attendant emotional and mental turmoil, we tend to regard imaginative writing as a social function, and to demand that it solve our problems as well as comment on them. The current liberal attitude towards literature is very well expressed by Van Wyck Brooks in his recent essay, "On Our Literature Today." Says Mr. Brooks:

> We live in a very unhappy world at present . . . and the public has a right to expect from its poets and thinkers some light on the causes of our problems and the ways to a better future. Few writers at present are living up to these expectations. But still the belief in literature persists, because so many writers in the past have performed their true public function.

It is impossible not to feel a great deal of sympathy with this position. In a day when the world seems so desperately to need "saving," and those who can save it so few, it appears not only ungracious but suicidal for the man of letters to stand aloof. Furthermore, the doctrine of letters as a social function provides a simple and unifying scheme for a vast and amorphous phenomenon. One examines a piece of literature in relation to the ideas and aspirations of its time, and judges its success by the extent to which it realizes these. Literary criticism becomes social interpretation.

I am inclined to think this is an oversimplification. Examination of literature in the light of the social thought of the times that produced it is of course tremendously illuminating, but it is preoccupation with what might be called the sociology of literature rather than with literature itself.

Some consideration of what literature is, and what its true function is, seems to me important for two reasons. First, it is important for those who are trying to produce and to understand imaginative writing. Some of our modern poets, especially, seem to be suffering from a bad case of obligatory social consciousness. This, with poets, produces a hoarseness

and shrillness of tone which is unpleasant, to say the least; and even our novelists have occasionally to clear their throats.

In the second place, it may be important for the clarification of mind of our liberals—meaning those among us who are concerned with solving the problems of society by the free and unfettered use of the intelligence, uncommitted to the dogma either of right or of left. It seems to me that liberalism today is in danger of developing a dogma of its own, as emotionally intolerant as any isms that lurk at the ends of the scale. Its doctrinaire attitude towards literature is symptomatic of a doctrinaire attitude generally. Interpreting social problems comes to mean interpreting social problems as the liberals interpret them, and leading towards a better future becomes leading toward the liberals' "better future"—which may be socially admirable but is certainly too restrictive for the production of literary masterpieces. I suggest this merely because it seems to me that the liberal position might be more useful to society if liberals gave forth a little more light and a little less heat. Emotional commitment is not so novel a weapon for social betterment as disinterested intelligence.

In its attempt to arrive at some understanding of what imaginative writing is and what it may be expected to do for us, this paper is attacking the problem not historically but directly, on the basis chiefly of contemporary writing and criticism. Its virtues, if any, will lie in its freshness of approach, and its encouragement to others to go and do likewise for themselves.

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Discarding the nine-tenths of imaginative literature that is written primarily for entertainment, and concentrating on the one-tenth that might be called "serious," we can distinguish three possible critical approaches. We can consider the *form* of a work of art, its aesthetic appeal, its technique of expression. We can consider it as a *social document,* to be read in relation to the times that produced it. Or we can look at it as an exploration in *values,* both social and individual. In practice, of course, we employ all three approaches; it is hardly possible to consider style without content, both intellectual and emotional, as Walter Pater long ago discovered. Yet it is true that by emphasizing one aspect and subordinating the other two, we can arrive at three very different results. Criticism today seems to be chiefly occupied with literature as social consciousness.

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It is perhaps not out of order to recall the tremendous and self-conscious experimentation in literary form that has gone on during the last thirty or forty years. Poetry, for instance, has not only freed itself from the "tyranny" of rhyme and meter, but has shed punctuation and syntax as well. Thanks to Freud, it has learned the magic of psychoanalysis and free association; and we read (the hard way) about the poet's childhood dream of being an Arctic explorer, in the hope that it will suggest somehow the horrors of war or a worm-eaten stepladder. Poetry has also cultivated the deliberately ugly; and, in certain quarters, gone erudite and allusive in a way that reminds one of Aunt Agatha's crazy quilt, pieced out of scraps of half-remembered dresses. This is not to say that experimentation in poetry has been bad. On the contrary, it has enriched wonderfully the possibilities for poetic expression, and should, before the wave is spent, produce some first-rate work.

Experimentation in the novel has gone on also. Dos Passos, Faulkner, and Joyce, to mention but three examples, have all contributed notably toward making the novel form more flexible, and toward working out techniques for dealing with new and difficult subject matter.

Writers have thus been thoroughly aware of form—partly because the machine, in stripping us of nervous ornament, has helped swing art back toward the "classic" or formal as opposed to the "romantic," and partly because a drastically changing society has demanded new modes of expression to portray it. Critics, on the other hand, seem very much less aware of form than they were twenty or even ten years ago. Indeed, the outstanding fact about current literary criticism is its preoccupation with the social scene. It is also interesting that some of the most enthusiastic comments on form and technique—on Mr. Dos Passos' technical gifts as a novelist, for instance—come from those reviewers who have first of all surveyed his social theory and found it good.

The extent to which preoccupation with the social message of an author has carried away some of our most competent reviewers, especially of the liberal persuasion, can be well documented by the reviews of Ernest Hemingway's *To Have and Have Not*. Malcolm Cowley, Louis Kronenberger, Clifton Fadiman, and Edmund Wilson, for instance, all agreed that the book was weak Hemingway; all of them added curious little codicils of hope. The one valid thing about the book, Edmund Wilson found, was its conclusion that to fight this bad world alone is hopeless; in

general, Mr. Wilson says, Hemingway's "whole work is a criticism of society: he has responded to every pressure of the moral atmosphere of the time, as it is felt at the roots of human relations, with a sensitiveness almost unrivalled." Mr. Cowley, who ranked *To Have and Have Not* with *The Green Hills of Africa,* hoped nevertheless that the proletarian note at the end meant the dawn of a new and vigorous Hemingway day. Mr. Kronenberger, like Mr. Cowley, trusted that the "new Hemingway" of the social theme would come into flower. Said Mr. Fadiman: "There's something tentative, transitional about this book, not technically, but intellectually. It seems interlude work, caught confused and blinking-eyed between two worlds." All four gentlemen, that is, were hoping Mr. Hemingway would turn into a socially significant novelist.

All of these comments, as it has since turned out, were fairly shrewd. The significant thing about them, however, is their revelation of what the reviewers want, the terms on which, to some extent, they are actually examining books, and the pressure which thinking like this (though the reviewers may be more symptomatic than causal) must exert on the artist who is struggling to produce mature and significant work.

Or take the well-nigh universal paeans which greeted *The Grapes of Wrath*—not too unlike, one imagines, the critical reaction to *Uncle Tom's Cabin.* "No American book of our time is more moving," says Wilbur L. Schramm in the *Virginia Quarterly;* "no book is a better indication of what the proletarian novel can be." In the *Survey Graphic* for June, 1939, Leon Whipple finds that conditions in California actually exceeded Steinbeck's descriptions, and implies that for this reason, *The Grapes of Wrath* is a very fine tale. According to George Stevens in the *Saturday Review of Literature,* the *Grapes* "is not a social novel like most social novels. It is instead what a social novel ought to be. . . . Unquestionably Steinbeck sees his material both as a narrative and as a condition calling for action." These quotations, as every reader of book reviews can testify, are mild.

An extreme example of social criticism, of course, is provided by the Communist Party inspirations on literature. *For Whom the Bell Tolls,* we are informed, is a poor work of art because it represents only a partial and biased view of the workers' struggle in Spain. It does not show, for instance, the joyful crusade against illiteracy among the masses, nor the faith and idealism of the International Brigade. This particular brand of criticism is so obviously extreme and "interested" that we have no diffi-

culty in seeing it as not literary criticism at all. It is harder to realize that some of our liberal reviewers—say, those that write for magazines like *The New Republic* and *The Nation*—are caught, in a lesser way, in the the same confusion. And what of the dramatic critics who give Pulitzer Prizes and Drama Critics' Circle Awards to plays like *There Shall Be No Night* and *Watch on the Rhine,* which were timed to fit in with the emotions of the week?

The strong point, as I see it, in the "social consciousness" argument is that most artists do fare badly cut off from the main intellectual and emotional currents of their times. The sheltered life may produce great art, but the chances are against it. Probably one of the reasons women writers in fields other than poetry have produced less robustly and less memorably than men is the fact that women on the whole do lead immensely narrower and more sheltered lives than men, and are not so closely in touch with social change.

There seems to be a considerable fallacy, however, in assuming that social organization and economic relationships are the one human problem of significance—and an equal fallacy in demanding that the writer should be an expert in these matters, a Moses to lead us out of the present economic wilderness. The writer has to reckon with society, of course, as every thoughtful man and woman must reckon with it; but to demand that he *know* the answers as the economists and sociologists know them (or do not know them), seems to me a complete misunderstanding of the basic function of imaginative literature—which brings us face to face with the central question of this paper.

At first sight it may seem as if this function could not be reduced to any single formula. The historical romance, the proletarian novel, the novel of local color—the drawing-room comedy, the Shakespearean tragedy, the problem play—poetry of acceptance, poetry of revolt—what possible common denominator can hold for all of these?

Well, they have at least this in common: they represent the imaginary deeds and thoughts of imaginary persons (in writing poetry the poet is an "imaginary person"—no poet would pretend to be the literal and authentic "I" of all his verse). Obviously imaginary deeds and thoughts of imaginary persons are not a very satisfactory substitute for history, if it is history we want; or for social science, if we are really trying to understand social problems. To say that the chief object of literature is to drama-

tize history or to make social science painless is to reduce literature to the status of propaganda. If it does these things incidentally, well and good, but they are not what literature is about.

The characteristic job that can be done with the imaginary deeds and thoughts of imaginary characters is to express, freed from the accidents of time and place that obscure them in so-called "real life," a set of values. "These things are good," the novelist or poet or playwright says, "and these are bad. This is what being alive is like, and this is what our various human experiences are worth. Life *feels* like this."

Literature, that is, belongs with religion and philosophy. It is an exploration for a set of values to live by. Differing from religion in not being also a discipline, and from philosophy in its desire to understand with the feelings as well as with the mind, literature is our most easily available guide to the values that sensitive and discriminating men and women have found in living, and hence fertile in suggestions for our own living. Writers are not specialists in economics—that is the job of economists. They are not specialists in social problems—let the social scientists take over there. They have a job of their own to do that cannot be done by anybody else. They are specialists in values.

If this statement seems to need expanding, consider how nearly impossible it is to find a work of fiction in which the reader cannot on reflection know what the author thinks about his characters, and what he considers "the good life." His attitudes do not have to be explicitly stated: they are simply the root from which the whole action stems. "The good life" as seen by the author may not coincide with conventional morality, but at least it represents thought on the subject by someone who has made thought on such subjects his conscious or unconscious business. This is not to argue for "morality" in literature: the writer is not usually very successful who is too narrow a moralist or who attempts to "judge" his characters explicitly. Nevertheless, in the deepest sense, he is inescapably a moralist, who has to reveal and judge not only people but the possibilities inherent in life itself.

This point is wonderfully illustrated in reverse by the work of John Dos Passos. Mr. Dos Passos has practically everything that our socially conscious friends admire. He has a social theme—not always too clear in its drift, but indubitably a social theme—great technical invention, excellent story-telling ability, and, in his short biographies in *U.S.A.*, at least, a

passionate sympathy with the poor and exploited. Yet the uneasy conviction grows that something is lacking. The lack has been variously diagnosed by the reviewers as humorlessness, woodenness of characterization, defeatism. I wonder if it is any of these. I wonder if the lack in *U.S.A.*, for instance, is not the lack in values. Nowhere do we know what Mr. Dos Passos thinks of his characters. Nowhere are we given an idea of what they should be striving toward, and hence we can measure neither their failure nor the odds stacked against them. In short, Mr. Dos Passos has fatally weakened his social argument by refusing to divulge the basis on which he criticizes. The result is human beings in a vacuum—a situation in which real human beings are never encountered. Having nothing to compare them with, we do not know whether they are elephants or ants, or ants-that-should-be-elephants-and-that's-the-pity-of-it. Considering the obviousness of his emotional base line in the admirable short biographies in the same book, his failure to include it in the fictional sections is little short of remarkable. A comparable example, to my mind, is John O'Hara's *Appointment in Samarra*—a social document, if you like, and a high-fidelity transcription of the country club '20's, but, *qua* work of art, rudderless. Sinclair Lewis's *Babbitt,* on the other hand, which is just as much reporting as any book by either Mr. Dos Passos or Mr. O'Hara, gives us as readers an entirely different sensation. However obvious or crude we may find it, we at least know where Mr. Lewis stands. We know whether we can agree with him or not.

Or take James Farrell, who is under grave suspicion of not having produced "literature" in his transcriptions of the Chicago Irish. For Mr. Farrell at least this much can be said: although his work is uneconomical in detail and although we may sometimes not see the wood for the trees, at least we know Mr. Farrell's attitude towards Studs Lonigan, for instance, and towards the society of which Studs is a part. Consequently we can accept Studs as a human being and sympathize with him. We do not have to wonder nervously if Mr. Farrell thinks he may be something out of a zoo.

Or take William Faulkner, who baffles the reviewers consistently and makes them pull rabbits out of hats in order to give him a decent background of social significance. Mr. Faulkner's sense of values, it seems to me, stems from his sense of the inviolability and autonomy of each individual. His characters may be violent, dream-ridden, insane—each of

them possesses this curious inner wholeness, this sense of self-sufficient worth. Those who try to erect socially significant structures on the Faulkner novels would do well to ponder this simple and basic truth.

Values in literature, of course, can be expressed only through the medium of character and of personal relations. They cannot be expressed abstractly. An interesting example of values in a vacuum—the more pertinent because it is not proletarian—is Santayana's *The Last Puritan,* which died on its feet because its central character was an idea, not flesh and blood.

If the portrayal of basic human experience and relationships is the true function of literature, then it follows that the third critical approach to literature, the examination of the values it offers, is the nearest in accordance with its own spirit. The questions we have to ask ourselves are: What is the author's idea of "the good life"? What light on the experience of living does he have to shed? How closely does the texture and quality of his reported experience tally with our own, and is the discrepancy, if there is one, a defect of his observation or of ours?

These questions are equally valid whether we ask them of Katherine Mansfield, Thomas Mann, Thomas Wolfe, or James Joyce—or of John Dos Passos, John Steinbeck, or Ernest Hemingway. Or, for that matter, of John Milton or William Shakespeare. It is not likely that art is forever, but a condition of art is that it shall probe deeply enough to be relatively permanent. The great test of literature as distinguished from propaganda or a social tract continues to be its staying power. This is why it is so difficult to judge contemporary work—we recognize too vividly the superficial likeness to the times, and from our own experience read into it the inner life it may lack. Only after the contemporary problem has faded into the middle distance, oftentimes, can we judge how much real insight into human experience the novel or play possesses. This insight, I maintain, is the true and distinguishing function of literature as set apart from other forms of human activity; it is a function very important to society, and one that we should recognize and preserve. What we get from literature is not ideas, not prophecy, but a sharpening of the vision and an extension of awareness that can hardly be expressed in words.

After all, the reason why it is so difficult to write about literature is that literature is about emotional values and awarenesses—which are not on the verbal level at all. Thanks to the semanticists, we are now learning

the gap between the word and the thing; between the word and the feeling there lies a chasm even more profound. There is no bridge across this chasm; we have to leap; and the fact that we *can* leap is one of the major miracles of being a human being. The writer achieves his effects, therefore, not by statement but by suggestion. Nobody can explain these effects to us—not because they are mystical, but simply because, like the taste of bread, they cannot be explained but only experienced. Hence our temptation to talk about "formal" values, which are to a certain extent reducible to verbal formulas; and our very great temptation to discuss the pleasant tangibilities of "ideas" and "social concepts."

* * *

This thesis, obviously, does not preclude social themes as a fit subject for literature. Indeed, in our day, it is inevitable that writers should be interested in social questions. They will, if they are also interested in literature, treat these questions not dogmatically or intellectually, but in terms of the individual human values involved. In the last analysis, social conditions and social reform are meaningless except as they affect and change individual lives. Life is a commodity that has to be individually consumed. Only among the ants and bees can it be consumed by a corporation, a state, or a nation.

Insistence on individual values on the part of literature is not therefore mere blindness or perversity. Although Michael Gold may chant that "The collective emotion is the new and inevitable hope of the world," history, Mr. Gold, does not point that way. We gave up the collective emotion when we gave up being straight animals, a million years or so ago, and began to ask, "Survival for what?" That is the "unnatural" question from which human civilization sprang.

Finally, I agree with Mr. Brooks's implication, in the quotation beginning this paper, that literature should lead, not be led. If it truly illuminates the nature of human experience it can be trusted wherever it leads; and as long as it does illuminate experience it will be performing its "true public function."

CONTRIBUTORS

MAX LERNER, who has written the leading article for this issue, is too well known to require an extensive introduction. A former editor of *The Nation* and at present a contributing editor of *The New Republic,* he has been widely published in the liberal press. He is the author of two books—*It Is Later Than You Think* and *Ideas Are Weapons*—and will presently publish a third, *Ideas for the Ice Age.* Mr. Lerner is professor of politics in Williams College.

GEORGE R. GEIGER was for many years intimately associated with the Georgist movement in this country and abroad. He is the author of the authoritative *Philosophy of Henry George* and *The Theory of the Land Question.* His published work includes many articles on philosophical subjects.

J. DONALD KINGSLEY's article on economic compulsives constitutes part of a chapter of a book—*Strategy for Democracy*—which he is writing with David W. Petegorsky. The book has grown out of the Antioch Conference on Progressive Action and Post-War Reconstruction, sponsored last June by the *Review* and Antioch College, and will contain chapters by Pierre Cot, Oscar Janowsky, Albert Viton, Mordecai Ezekiel, and others. It is to be published this winter by Longmans, Green.

MORDECAI EZEKIEL is one of the ablest quantitative economists in the country. In recent years he has devoted increasing attention to problems of economic planning and control, the subject with which he deals in this issue. He has written numerous articles and two books: *Methods of Correlation Analysis* and *Jobs for All.* Long associated in a research and advisory capacity with the Department of Agriculture, he has been since 1933 Economic Adviser to the Secretary.

LEWIS COREY's article in this issue grows naturally out of his analysis in "Monopoly and the Corporate State," which we published in the Summer Number. Although we would disagree in many respects with his position, we believe it is one which deserves a hearing at the

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CONTRIBUTORS (*Continued from Page 398*)

present time. Mr. Corey is Research Director of the Union for Democratic Action and has written widely on social and economic questions.

The critical position of Edmund Wilson is a subject of considerable interest at a time when most American critics of the left seem to have lost their bearings. EDWARD FIESS, who writes on Wilson in this issue, is a young scholar now teaching at Carnegie Institute of Technology. He is engaged in work on a full-length study of American criticism during the 1930's.

PAUL BIXLER, one of the editors of the *Review,* has written extensively on social and literary subjects. He will be remembered for his piece on "The Professor as Radical" in the Spring Number.

The rising tide of intolerance, of which anti-Semitism is the most acute expression, must be of concern to all who believe in the democratic process. The reasons for this are made abundantly clear in DAVID W. PETEGORSKY's "Strategy of Hatred." The publication of this article is particularly timely, for signs multiply that a well financed and highly organized anti-Semitic campaign is already under way in this country. Mr. Petegorsky is a young Canadian writer, whose "Violence and Social Change" we published in the Summer issue. He has recently been doing reviews for *The New Republic.*

DOROTHY HALL, formerly editor of the *Oberlin Alumni Magazine,* has been since 1935 Antioch College Editor. She has published verse, contributed articles to educational journals, and has edited *Antioch Notes.* At present she is studying in the Graduate School of the University of California on the Adelia A. Field Johnston Fellowship of Oberlin College.